





# Economy 'shows fastest growth rate since 1973'

BY RALPH ATKINS

THE BRITISH economy grew at a faster rate in 1987 than in any year since 1973 and showed no sign of a slowdown after October's stock market crash, according to official figures published yesterday.

The Central Statistical Office estimates that the rate of growth last year was about 4.7 per cent - the highest annual rate since the 7.4 per cent recorded in 1978.

The figures confirm that for the first time in 23 years the economy grew faster than the rate of retail price inflation. In his Budget speech on Tuesday, Mr Nigel Lawson, the Chancellor, predicted the economy would grow about 5 per cent in 1988.

In the fourth quarter of last year, the CSO's average measure of real gross domestic product was 0.7 per cent higher than in the previous three months and 4.3 per cent higher than in the last quarter of 1986.

The average measure is regarded as the best indicator of growth, but the figures show wide variations between alternative indices calculated by the CSO. These show annual growth rates varying between about 3

per cent and 5 per cent.

The figures show a drop in the pace of growth in the last two quarters of last year. A growth rate of 5.3 per cent is attained by using the average measure and comparing the third quarter of 1987 with the same period a year before.

However, this was thought to be an unusually high figure and the CSO said there was no evidence to suggest economic growth slowed in the fourth quarter from an underlying rate of between 4 and 4.5 per cent a year. The effects of the share price slide in October have so far appeared to be negligible.

Consumers' expenditure grew about 5 per cent in real terms in 1987, compared with about 6 per cent in 1986. Within this total there was a sharp decline in price of growth in the "other durable goods" category, including white and brown domestic goods.

Fixed investment in real terms rose to a record quarterly level in the last three months of 1987 - above the previous peak in the first quarter of 1985. Across the year, investment was 3.5 per cent higher than in 1986.

# Former Rover computer company doubles profits

BY TERRY DODSWORTH

ISTEL, THE broadly-based computer systems and software company which was privatised by the Rover car group last year, more than doubled its profits last year on a turnover increase of 35 per cent.

Sales surged to £70.15m from £50.76m, making it one of the UK's leading information technology businesses, while profits rose to £5.02m from £2.17m in 1986.

ISTEL was sold to an employee-led management buy-out group last June in one of the transactions which heralded the Government's moves to dispose of the entire Rover group.

The company has retained its close links with Rover, which last year accounted for £40.25m, or 57

per cent of its turnover, but it is rapidly building up its activities outside the car group. These external sales rose by 36 per cent in 1987 to £29.89m from £22.05m.

Mr John Leighfield, chairman, said ISTEL's principal focus would continue to be on computer-aided manufacturing and communications network services.

Last year, the group had strengthened its position in the travel and leisure markets, and it was making progress towards a significant position for itself in financial services, health care and electronic data interchange, he added.

Investments for the year amounted to £11m, while the US subsidiary had been converted from a significant loss-maker into a profit-making concern.

# ICI enters Japanese car paint market

By Peter Marsh

IMPERIAL Chemical Industries, Britain's biggest chemical company, has gained an entry into the important Japanese market for automotive coatings through a licensing agreement with Nippon Oil and Fats, the third biggest Japanese paint manufacturer.

Under the deal, announced yesterday, ICI's paints for the car industry will be sold in Japan by Nippon Oil and Fats, which is part of the Fuyo Industrial Group.

ICI, which became the world's biggest paint company after acquiring Glidden of the US in 1986, at present sells virtually none of its annual paint output worth \$1.5bn in Japan.

It said the agreement would lead to a worthwhile increase in its paints business through the capture of a share of the \$200m-a-year Japanese car paints market. ICI did not want to speculate on the size of this share.

As part of the licensing agreement, automotive paints made by Nippon Oil and Fats will become available for sale by ICI subsidiaries in other countries outside Japan.

In this way, ICI hopes to be able to form business links with Japanese car makers with overseas factories. This could lead to the UK company increasing sales of its own paint brands to these consumers.

ICI is particularly keen to expand in the worldwide car paints market, an industry worth £1m a year, or roughly 5 per cent of the total paints business. It recently announced a joint venture with Da Pont, the US chemical company, to sell vehicle coatings in western Europe.

Mr Denis Henderson, ICI's chairman, has set his sights on expanding business in the Far East. He has said the company is relatively weak there.

ICI considered setting up a Japanese plant for making car paints, but this was ruled out by the high costs. The joint venture with Nippon Oil and Fats, which is the third biggest participant in the Japanese paints business, after Nippon Paint and Kansai, follows shortly after the establishment by ICI of a smaller joint venture in chemicals in South Korea.

# Stand against VAT extension 'gains support'

BY PETER MONTAGNON, WORLD TRADE EDITOR

BRITAIN'S refusal to impose value added tax on food and children's clothing as part of the European Commission plan for a unified European Community internal market by 1992 was finding increasing support in other Community countries, Lord Young, Trade and Industry Secretary, said yesterday.

The main purpose of the single market was to introduce common product standards throughout the Community, not to impose fiscal harmonisation, he told a press conference to launch a gov-

ernment publicity campaign for the internal market.

"Many other countries are adamant that (fiscal harmonisation) is not necessary," he said. It would cost "an immense amount of political capital" to harmonise tax systems and the effort would be wasted if it distracted attention from the main aim of helping manufacturers exploit a market of 20m people.

Lord Young said he had had recent talks with business and industry in France and West Germany and that they too foresaw

difficulties with the EC's plan to harmonise VAT regimes.

As far as Britain was concerned, he could be "clear and unequivocal" in stating that VAT would not be extended to food and children's clothing. EC rules meant this particular measure would require a unanimous decision by the 12 member states and Britain would therefore be able to veto such a proposal.

Privately, DIT officials said they believed pressure from member states could eventually lead the commission to back

away from its current emphasis on the need for fiscal harmonisation.

The trade-distortion effect of differing tax regimes was not great and would probably be corrected naturally by market forces once the internal market was in place.

Lord Young added that the US provided an example of a successful unified market with common product standards and 50 differing tax regimes.

The launch of yesterday's campaign, drew sharp criticism from

Mr Bryan Gould, shadow Secretary of State for Trade and Industry.

"Other European countries are preparing for the single market by beefing up their help for industry. Lord Young is offering cornflakes," he said.

Describing the publicity campaign as hype, Mr Gould said: "The really significant development of this week is the Prime Minister's personal reevaluation of the pound against the D-Mark. This can only make our trade performance even worse."

# Feona McEwan and Paul Betts on plans to spread awareness of Europe's single market

## Tuning businessmen into life after 1992

FROM today, the radio-listening British public is to get an earful of advice from the Government on how to go about its business.

The measure has nothing to do with the fictional 1984 of George Orwell, but everything to do with the real watershed of 1992, the year in which the European Community's 12 markets will become one.

The campaign follows disturbing reports last year which showed that British businessmen were largely ignorant of the single market and its implications. To make good the gap, the Department of Trade and Industry yesterday unveiled a long-term awareness exercise aimed at waking up the public in general and industry in particular to the trading milestones that will affect every European citizen.

Provocative radio commercials will kick off the first stage of the British campaign that has been designed by the Department of Trade and Industry. The advertisements, devised by WCRS Mathews Marcantoni, the advertising agency, muse in humorous vein about life in single market conditions.

"What about national characteristics?" asks one commercial. "Will the Italians have to gesticulate less when they speak, or the British more. Will the Germans be asked to add classes in humour and irony to the school curriculum? Will French businessmen wear bowlers to the Bourse?"

In another advertisement, Mr Brian Johnston, the commentator, wonders what the market will mean for cricket. "The Spaniards have questioned such fundamentals as the width of the bat and the number of stumps, argu-

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ing that as they have a lot of catching up to do their bats should be a least 10 cms wider and there should be no stumps at all, at least for a few years. Then perhaps they could be introduced one at a time, over an agreed period."

Once the listener's attention is caught, the advertisements end on a serious note with a helpline, aptly numbered 01-200-1992.

The campaign arose after a DTI survey revealed last October that only one in 16 British businessmen knew about the single market. Soon after, a Confederation of British Industry report showed a figure of one in 20, compared with a hefty 80 per cent awareness among equivalent business figures in France.

This is largely because France, which leads the field in raising national awareness of the single market, launched a publicity programme as early as last summer.

The aims may be the same, but techniques and approach vary considerably between the French and British campaigns.

French television viewers were introduced to the government-sponsored commercials last summer with a "Euro" ad depicting a French yuppie sitting in his staid office.

Seconds later this young hero of the new French business generation had stripped into boxing shorts to face in a ring a formidable Japanese Sumo wrestler and an equally imposing American baseball player.

Outweighed, the French chinless wonder suddenly turns round and with the help of 11 other young men dressed in shorts in the colours of the European community, beats up the wrestler and the football player. The message is clear.

The British campaign uses a quite different strategy in its television commercials. Rather than threatening people with the single market, it encourages, and suggests opportunity.

The "fortress Europe" strategy of the French campaign, which portrays the Japanese and Americans as threats, is criticised by

British advertising experts, who argue that it sits uneasily with the inward investment policies of European countries which are all too keen to attract Japanese and US investment.

The British advertisements will feature well-known businessmen with international reputations such as dress designer Bruce Oldfield, Amstrad chairman Alan Sugar, Jaguar boss Sir John Egan and architect Richard Rogers. The implication is that a successful business can be even more successful given access to Europe. Opportunity, not threat, is the catchword.

However, commercials are only one weapon in the awareness war. Information booklets have been sent to 130,000 businesses with more than 10 employees, a 1992 hotline set up, and a fact sheet prepared.

As Lord Young, Trade and Industry Secretary, indicated at the launch, there will also be a spot of power-breakfasting in the regions between DTI officials and industrialists, plus a myriad of symposia and conferences.

The aim of the campaign, which is costing £5m for the first phase, is to raise awareness among businessmen from its current level of 23 per cent to 90 per cent by the end of the year, a timescale regarded as highly ambitious in advertising circles.

The British Government says it will continue the campaign in different phases, up to the end of 1992. "It will cost whatever it takes," says Lord Young, who dismisses criticism that Britain has been slow to take up the cause.

For their part, the French have been increasingly haunted by the prospect of a unified European market. Not only has the Conser-

vative government made 1992 its election cry, but it has also been echoed by Mr Francois Mitterrand, the country's Socialist president. They all present 1992 as a life or death issue for France.

"Although our ministry does not have a budget as such, we managed to get about EFr 5m to finance a series of initiatives to promote the concept of 1992 to the general public," said an aide of Mr Bernard Bosson, the French junior minister for Europe, who spearheaded the campaign with Mr Alain Madelin, the Industry Minister.

"We organised a ceremony at the Arc de Triomphe to celebrate the 30th anniversary of the Treaty of Rome and ran TV commercials for three months last summer."

This year, the government has not repeated the commercials, but the Industry Ministry launches this month a novel service on France's increasingly-popular minitel telephone-based videotex network.

The service is called Euro92 and offers subscribers comprehensive information on Community rules and programmes. The cost of the service is based on a telephone charge of FF2.19 a minute.

At the same time, Mr Madelin has hosted several breakfasts at his ministry to discuss 1992 with businessmen from large and small French companies, organised a conference attended by 5,000 industrialists in Paris last October and a host of regional meetings.

In the last few weeks, full-page advertisements have promoted the service and in the run-up to the presidential election campaign the French Government has indulged in "Euromania."

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# P&O ready to move on Dover seamen's strike

BY JIMMY BURNS, LABOUR STAFF

P&O European Ferries yesterday signalled it might modify its controversial package of redundancies and changes to working practices in an attempt to end a long-running strike by Dover-based seamen before the start of the Easter holiday period.

Mr Peter Ford, the company's chairman said he was prepared to resume negotiations on the basis of proposals made this week by Acas, the conciliation service, and other points raised by the National Union of Seamen.

Mr Ford said: "We believe that with the Acas proposals and the points made by the union there is a basis on which we can achieve the cost-savings we are looking for...we feel that the gap is not that wide."

It is understood the company may accept that revised rosters on its services from Dover to Boulogne and Zeebrugge involve three crews per vessel and not 2.5 as it was earlier demanding. This would effectively reduce to about 260 the number of redundancies compared with the more than 400 first envisaged as part of the package and represent a significant concession.

P&O believes that major cost-savings on its routes can be

brought about by the replacement of the seamen's basic salary structure and up to 24 additional items of bonus pay by a single consolidated salary based on overtime and profit-sharing.

NUS officials say that three crews as opposed to the present 3.5 is the "bottom line" which they can accept. They have said that the introduction of consolidated salaries and a revision of extra payments is negotiable.

Both sides indicated yesterday that P&O's initiative is unlikely to lead to a resumption of negotiations before Monday when the NUS leadership meets to decide on a call from senior shop stewards for a national seamen's strike ballot over the P&O dispute.

Employers have warned that they will not hesitate to take legal action against the union if the national strike goes ahead on the understanding that such a move would be shown to be illegal under the provisions of the Government's employment law.

Some British and French ports were facing continuing disruption this weekend because of a combination of the P&O dispute and an indefinite strike called on Thursday by French maritime unions over pay and conditions.

# Bus race case decision

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE West Midlands Passenger Transport Executive has been ordered by the Court of Appeal to disclose documents to support its claim that it operates an equal opportunities policy when filling senior posts.

An allegation of racial discrimination has been made against the executive by Mr Jagwant Singh, who in 1985 applied unsuccessfully for promotion to senior inspector.

The executive which began ethnic monitoring of promotion applications in October 1984, denies the allegation.

It has given Mr Singh information about the ethnic origins of the 55 applicants for the post for which he applied, but has refused to give similar details about those applying for and appointed to comparable senior posts since

it adopted its equality policy.

Dismissing the appeal, Lord Justice Balcombe said the information Mr Singh sought must be disclosed because it might help him to establish that treatment of coloured employees was on racial grounds which was an effective cause for their, and his, failure to obtain promotion.

An industrial tribunal ordered the executive to disclose the number of whites and non-whites who applied for, and were appointed to, the post of traffic supervisor between October, 1984, and December 17, 1985. That order, upheld by the Employment Appeal Tribunal, was challenged in the appeal court by the executive, which argued that the information was not needed for Mr Singh's case.

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# Unions in row over Ford wage deal plan

By Philip Bassett, Labour Editor

LEADERS of Ford's two largest unions in Britain clashed yesterday over the wage rates which would have been paid at Ford of America's cancelled electronics components plant at Dundee, Scotland.

Mr Bill Morris, deputy general secretary of the TGWU transport union, said yesterday that the likely pay levels for the Dundee plant would have been significantly lower than those provided for Ford UK's workers under its Blue Book employment agreement.

Leaders of the TGWU and other unions say that the envisaged level of wage rates at Dundee would have been used to depress wages at Ford UK plants.

Mr Jimmy Airlie, AEU executive member, dismissed such claims, insisting that pay levels would have been in the upper quarter of the top 25 per cent for the electronics industry.

Mr Norman Willis, TUC general secretary, is insisting that concerns about lower standards primarily, lower pay rates were at the heart of the opposition of most of the UK car industry unions to the single-union deal signed for Dundee by the AEU engineering union.

TUC leaders say Ford of America told them that if it had to apply Ford UK's national rates to Dundee rather than its preferred option of pay at the higher end for the electronics industry in the east of Scotland, costs would have been 50 per cent higher.

The undisclosed provisional agreement for the plant says that its employees would receive training and on the basis of merit and ability receive wages and benefits that are competitive within the electronics industry and the geographical area in which the plant is located.

# Charles Leadbeater examines inward investment Looking before they leap



Lord Young: unions living in the past

TECHDYNE, a US electronics company unveiled plans for a plant employing 120 at Livingston, West Lothian, just a couple of weeks after Ford of America announced on October 9 that it was to build a \$40m electronics components plant at Dundee.

The Techdyne plant, a relatively small investment, was the bread and butter of inward investment. Will Ford's decision to pull out of the Dundee project had potential foreign investors to think twice about locating in Britain.

Mr Malcolm Rifkind, Secretary of State for Scotland, said Ford's decision, the result of an inter-union row over union recognition, was having worrying repercussions for inward investment.

Trade and Industry Secretary Lord Young yesterday condemned the unions involved in the row and accused them of living in the past.

Mr Iain Robertson, chief executive of the Scottish Development Agency concurred: "In marketing terms such a prominent, important company deciding to pull out will be unfavourable for inward investment. In the wake of this companies will think much more carefully about their industrial relations, and make sure they have got it absolutely right before going ahead."

Industrial relations have not been a problem for inward investment agencies in the last few years; they promote the flexibility of the British workforces and the decline in the strike rate. Mr Mark Price, inward investment executive at the Welsh Development Agency said: "The bad old days have gone, I hope this does not mean foreign companies believe they have returned."

Mr Squire Sanders, an executive at the West Midlands Industrial Development Agency believes to Ford decision will create an added obstacle: "The recent spate of disputes in the vehicle industry has prompted more questions in the last few

months about the state of industrial relations in the UK. Japanese companies in particular study these things very closely. Clearly Ford's decision is likely to be raised by potential investors. It will be one more obstacle, but not a major one."

So Ford's decision may create a marketing problem, for inward investment agencies, but most inward investment managers believe it will have little impact on the real forces driving foreign investment.

Officials at the Invest in Britain Bureau said the Ford decision would have little or no impact on the flow of foreign investment which rose from \$41bn a year in 1977 to \$49bn last year. A survey of foreign companies last year showed that the desire for a base in Britain, access to the European market and low inflation were more important in attracting foreign companies than labour costs, industrial relations or skills.

The bureau believes the decision will do little damage to Britain's image abroad. In addition companies make investment decisions not just on national trends, but after very detailed analyses of the particular regions that they might invest in, talking to local companies, unions and councils. It is these factors which influence their views of what the industrial relations reality is likely to be.

Investment agencies are confident they have enough success stories of both unionised and non-unionised plants to outweigh the adverse publicity of the Ford case.

In addition inward investment decisions are usually made in at least two stages, according to Mr Price at the Welsh Development Agency. He explained: "Most first time investments are quite small. Companies come in with tried and tested products and processes to test the water. If they are happy then larger investments follow. Most companies will still want to find out for themselves rather than rely on Ford's judgement."

Even if companies look at the Ford decision they would recognise its special characteristics, according to Mr Robertson at the Scottish agency, who was closely involved in two years of negotiations with Ford. "Most companies coming to Scotland are first time investors, with no inherited union arrangements to get tangled up in. So this case does not have much bearing upon them."

The Ford plant was the first electronics plant the Scottish agency dealt with for several years where the investor had decided to have a union agreement at all, said Mr Robertson. According to a Department of Trade and Industry survey last year, 56 per cent of foreign companies were avoiding the problems which beset Ford by plumping for non-unionised sites. Rather than cutting the flow of companies to Britain the Dundee debacle may simply increase the number of companies which choose non-unionised sites.

# Conditions for mothers 'behind EC'

By Jimmy Burns, Labour Staff

BRITAIN continues to lag behind its partners in the European community in developing policies which allow women to fulfil their career potential while bringing up a family, an international conference organised by the Industrial Society in London heard yesterday.

Ms Bronwen Cohen, head of the Policy Unit, at the Equal Opportunities Commission, said that parental leave beyond the statutory 26 weeks is the exception rather than the rule in Britain, but is common practice throughout the EC.

She suggested that this went a long way towards explaining the fact that employment rates for mothers of children under five in Britain are among the lowest in the Community.

Ms Cohen predicted that the Government will come under increasing pressure from within the EC to widen the scope of its equal opportunities legislation.

A proposed EC directive on parental leave provides for a minimum of three months leave per worker per child, the sharing of childcare between fathers and mothers, a part-time option, and a special leave allowance.

Yesterday's conference heard from several European employers who have pioneered parental leave and equal opportunities practice ahead of legislation.

One example was the "parent and child" scheme developed since 1986 by BASF, one of West Germany's leading chemicals companies.

Employees are entitled to parental leave of up to seven years, including the year provided by West German law.

An alternative to stopping work they are offered part-time work of at least 20 hours per week.

Either option entitles the employee to continue enjoying company benefits.

Mr Lothar Jacob, a BASF spokesman, argued that one of the main advantages of the scheme for the company was that it was assured in the long term of a reservoir of experienced BASF employees.

"At a time when bottlenecks can occur on the labour market as a result of a drop in the population, it is reassuring to know that we can call on a pool of qualified workers," Mr Jacob said.

Mr Arthel Schimmel, of the Netherlands Postal and Telecommunications Service, described his company's positive action plan under which women are given preference over men in recruitment and promotion in areas where they are underrepresented.

Ms Joanna Foster, chairman designate of the Equal Opportunities Commission EOC urged employers to understand that there were sound business reasons as well as human ones for implementing parental leave.



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142	40	BSE Bridge Group (BSEB)	156	-2	2.7	1.7	27.0
188	108	Barker Group	136	0	4.7	3.4	11.0
185	95	Bryl Technologies	136	0	11.5	4.4	6.7
281	130	CCI Group Ordinary	260	0	35.1	11.1	11.1
147	99	CCI Group 11% Cum. Pref.	131	0	5.4	4.1	11.5
171	136	Carbide Systems Ordinary	152	+1	18.3	10.2	
104	91	Carbide Systems 7.5% Pref.	101	0	3.7	1.8	5.7
206	87	George Blair	206	+1			
143	60	Ido Group	61	+1	3.4	3.7	18.2
104	59	Jackson Group	32	0	10.4	3.1	23.4
780	300	Mellorose (Mellorose)	46	0			2.4
124	30	Novartis	124	0	5.5	4.4	31.8
224	67	Terday & Carfite	197	0	6.6	5.4	9.6
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## An unfinished agenda

PERHAPS the most revealing, and probably the most disturbing, remark of the last week came from the Chancellor, Mr Nigel Lawson, at a post-Budget briefing, when he remarked that he had completed his programme to reform Britain's tax system. It is revealing because it suggests that to Mr Lawson at least the tax system left behind on Tuesday evening was the last word on the subject and it is disturbing for the same reason.

The central idea of the Thatcher Government is captured in the term "enterprise society". The slogan of the "enterprise society" has, however, not yet become the unquestioned basis for political life. To achieve that goal, the Government's programme must offer equal opportunity and a reasonable degree of economic security to all.

### Clearer symbol

Taxation is perhaps the clearest symbol of the successes and limitations of the Thatcher years, limitations not merely of achievement but of moral vision. The reduction in marginal tax rates, above all on the well-off, follow an international move in this direction. It is a move that is to be welcomed, but only within its proper context.

There are those who have a belief in the powers of lower marginal tax rates that seems to be as deep and as little substantiated as a child's in Father Christmas. That there are positive incentive effects is quite plausible. But if all one has to do is cut marginal rates of tax, how does one explain the relatively poor UK performance in the late nineteenth century, when income tax was at its own day, how does one explain the not noticeably poor performance of Japan, whose highest marginal rate of income tax is 78 per cent?

The tax reforms of the Thatcher era should, therefore, not only be judged against

whether top tax rates have been lowered on the highest incomes from the ludicrous rates of 88 per cent (and 90 per cent on unearned income) in 1973 to 40 per cent today. One must also ask whether tax reform has been undertaken against a compelling analytical standard. Unfortunately, it has not and many problems remain.

### Peculiar compromise

The concern to avoid losers, especially in the middle income groups, has resulted in the most peculiar compromise in the history of taxation: the treatment of husband and wife, namely the proposed married couple's allowance that goes to the husband.

Indeed, national insurance is by far the most scandalous item left in the system. After all, this tax on employment in an economy suffering from high unemployment of the unskilled is expected to raise £31.6bn in 1988-89 as against £21.1bn from the entire income tax.

Michael Prowse looks at the social and economic implications of Britain's landmark Budget

# Lawson's cultural revolution

"What ideologists believe is never in such peril as when enthusiastic advocates put their doctrines to a practical test" - J. K. Galbraith

NIGEL LAWSON'S fifth budget is a social landmark. For decades, Britain has regarded itself - and been regarded by others - as a high-tax country. Film stars, best-selling authors, top industrialists and scientific boffins have long fled the country in search of milder fiscal climates.

The 40 per cent top rate of tax announced on Tuesday may not quickly stem the claimed "talent drain" because British incomes remain low by international standards. But it presents a new and totally unfamiliar British face to the world. The UK top rate is now only a shade above that in the US (if state taxes are taken into account) and lower than in any other leading industrial country.

Top tax rates have been falling all round the world, but only modestly in most countries. No other nation has matched Britain's turnaround. The continental Europeans and the Japanese are cautiously shaving top rates. The Netherlands this week proposed to cut its top rate from 72 per cent to 60 per cent. Sir Geoffrey Howe, the previous Chancellor, and Mr Lawson have between them leap-frogged the opposition. The reduction from 88 per cent in 1979 to 40 per cent today has no parallel. The countries such as Canada that have almost as low tax rates today, already had relatively low rates (by UK standards) in the late 1970s.

speeches about enterprise and the magic of the market, which many would have taken about as seriously as water diving in the 1980s, are today received in solemn silence. Nobody jokes about the big E (for enterprise) that adorns the wall of Lord Young's Trade and Industry Department. We are all being reprogrammed as enthusiastic free-marketiers.

Does this matter? Is money-making, commercial success and a possible influx of European tax exiles such a bad fate for an imperial power that everybody thought was dead on its feet? Perhaps the sceptical, anti-materialist egalitarianism so long embraced by British intellectuals has had its day.

Perhaps. But for the uncommitted and those lacking the blink of commitment to the new creed, it may be worth raising some questions. They relate both to the values that underlie the philosophy and to its long-term chance of economic success.

There is no long-run correlation between tax rates and economic growth. Japan has easily outperformed other industrial economies in recent decades and yet it has a highly progressive income tax. The top rate in 1979 was 88 per cent, little short of Britain's, and the reduction since

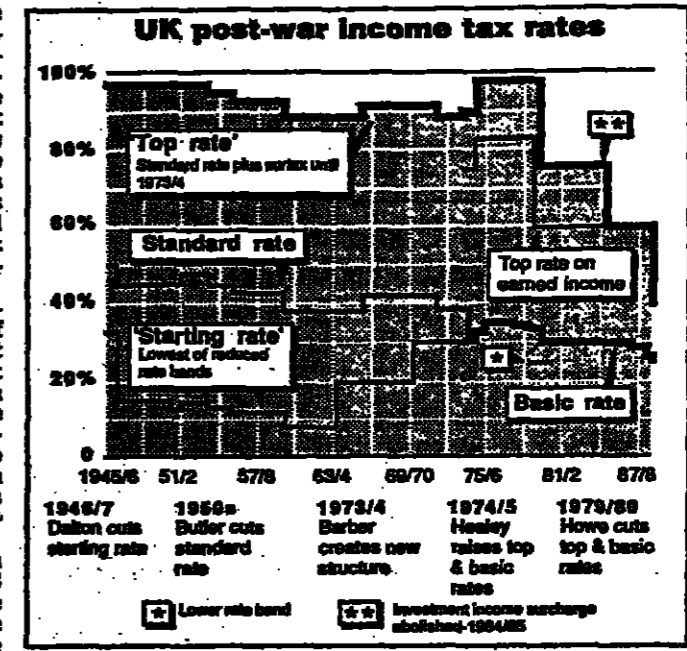
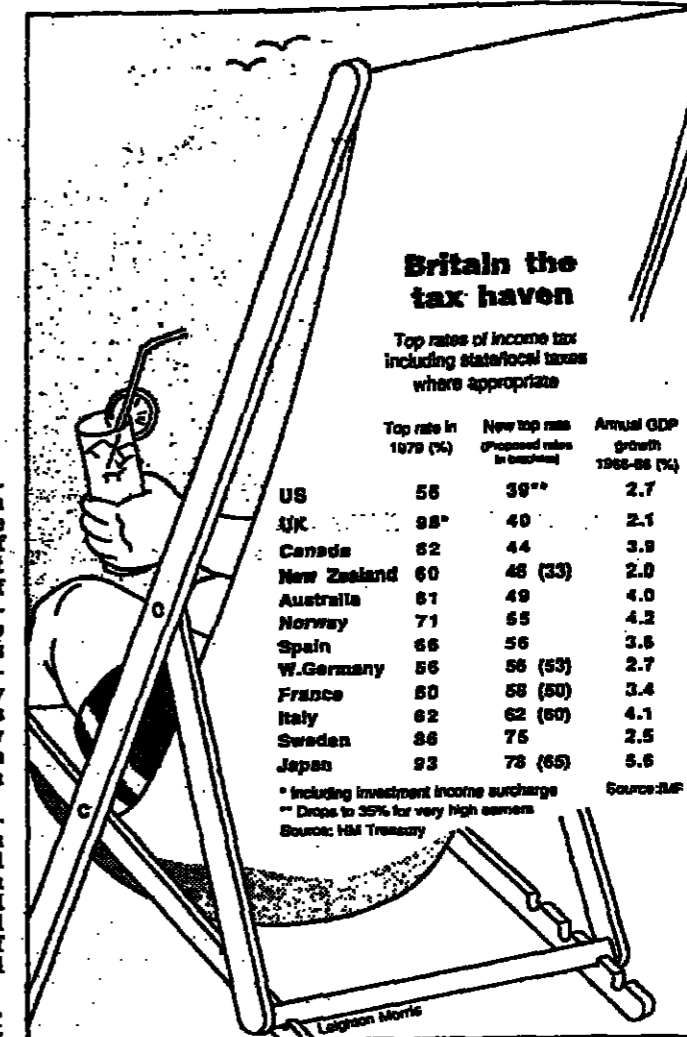
then, to 78 per cent, has been modest. Italy, France and West Germany have also grown much faster than the relatively low-taxed US, which has performed quite poorly. Yet they have all placed considerable importance on the redistribution of income through the tax system. In the developing world, countries like South Korea, with a comparatively even distribution of income and wealth, have grown much faster than highly inequalitarian economies in Latin America and elsewhere.

This is not presented in any sense as conclusive evidence. Clearly, a whole range of factors influence economic performance. The point is merely that low top rates of tax are not a necessary condition for buoyant growth. Nor, almost certainly, are they a sufficient condition. Mr Lawson's Budget may enable Britain to grow faster than would otherwise have been the case. But there can be no guarantee of this.

The supply-side theory is that cuts in tax rates will persuade top earners to work harder, because each hour's labour will have greater purchasing power.

erted the National Health Service? Why do so many financially successful people enter politics and work extremely hard (harder perhaps than in their youth) in return for a tiny economic reward? Money does not have to be a prime motivator, although it perhaps can become one if a society starts to place sufficient value on it.

Mr Lawson says his tax reform programme is just about complete. Yet there are huge gaps. The top tax rate in the system is



## The Government appears to set most store on boosting the incentives of those who can already meet their basic needs several times over

For the middle classes, however, a more potent criticism of Thatcherism may be that it is not good for them. The reason is that the quality of life depends on more than the health of private industry and the size of one's disposable income. It depends also on the balance struck between the provision of private goods and the provision of public services.

In the 1950s, J K Galbraith commended the vitality of US business but pointed out that life in American cities was none the less not very pleasant: "The schools are old and overcrowded... The parks and playgrounds are in a deplorable state... Streets and empty lots are filthy... Internal transportation is overcrowded, unhealthy and dirty..."

As the wealth of a society rises, demand for services such as health and education tend to rise faster than gross national product. The Government's policy of holding public spending constant in real terms in order to afford bigger and bigger tax cuts thus raises the possibility at least that the UK is heading for a Galbraithian social imbalance.

The UK under Mrs Thatcher has come close to abandoning any commitment to reduce income and wealth inequalities. Indeed, some ministers privately argue that still higher inequalities are needed in order to spur enterprise yet further. The post-war cap on high incomes (the top tax rate was 80 per cent or more for nearly four decades) has been set aside.

It may never have worked properly and it may partly have been motivated by base emotions such as envy. But the project of spreading wealth more evenly was not entirely misguided. Poverty is a relative concept. Youth in Britain and Turkey do not regard themselves as fortunate because their standard of living is higher than that of Indian or African peasants. The US is a much richer country than Britain. Yet it has a bigger underclass. The theory that economic growth alone is sufficient to solve social problems is untenable. The "trickle down" effect does not work reliably. A 40 per cent top rate of tax may be good for enterprise, but it will not necessarily make Britain a nicer place in which to live.

THERE is no small risk involved in nominating Ciriaco De Mita this week's Man in the News. He is presently engaged in trying to form Italy's 48th post-war government - an enterprise whose high failure rate quite often means a very abbreviated moment of glory.

## Man in the News

# Ciriaco De Mita

## Pillar of the party takes the strain

By John Wyles



Indeed only a handful of the 16 men who have had a spell heading what is now the second or third largest economy in Europe have become familiar names internationally. De Mita stands out with the exception of Socialist leader Mr Bettino Craxi's recent four years, have usually been too brief to allow them much impact.

share of 34.3 per cent was only a modest advance on the 1983 post-war low of 32.9 per cent and no encouragement to believe that the party can return to the 38 to 40 per cent which was once its post-war norm.

The question about a De Mita membership is whether he can show the voters he is more than a Southern machine politician. Over the last six years he has made endless speeches regretting the growing distance between the electors and the political class. His attempts to root out the worst cases of corruption in his own party, particularly in Sicily, showed some readiness to grapple with this lack of public regard which is possibly the Italian state's principal weakness.

De Mita says that as premier he wants to continue confronting this "moral" question. His credibility is only weakened by the fact that he and other leaders have been saying the same things for years while the pirates continued to raid the public coffers.

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Peter Stephan Centre PLC, 27, Harley Place, London W1N 1HB. This advertisement does not constitute an invitation to subscribe for shares.

British trade unions and industrial development in Scotland face difficult challenges after Ford's decision to drop plans for a plant in Dundee

A nettle that the unions must grasp

REPORTS started to fly about Dundee a week ago that the manager-to-be of Ford's 54th electronics plant in the town had stopped looking for a house in the area. What that implied is now clear: the company had decided to abandon its plans. The crucial reason was that the UK trade unions failed to agree what to do about the company's insistence on a single-union deal.

The decision brings into the open a long-running, so far largely hidden, debate about the changes employers seek to represent through direct communication with employees, greater stress on individuality in relations with them, and simplified bargaining arrangements with the unions. In some workplaces, unions have been eliminated altogether.

Interested in representing a plant's employees "parades" before the employer in direct and open competition. But the unions' present policies on single-union deals only allow for them in very tightly defined circumstances. It seems as if the institutions of the trade union movement just can't respond quickly enough to the demands of the market place.



preferably single-union deals, is quite considerable. One such employer in the area, Sony UK, the British subsidiary of the Japanese electronics group, signed a single-union agreement with the AEU for its Bridgend plant in 1978.

In the light of Ford, Dundee, might look surprising. On the right, Mr Gavin Laird, AEU general secretary, says such deals reflect more sensible bargaining arrangements. In the centre, Mr John Edmonds, general secretary of the General, Municipal, Boilermakers and Allied Trades Union, (GMW) says: "Single-union deals seem to be a very sensible way of organising industrial relations."

excluded from a previously multi-union plant which is moving to single-unionism. A TUC survey of single union deals, prepared for its special review body, says there are relatively few cases where employers have insisted on introducing single-union deals to replace multi-union bargaining. The cases where this has happened - Hitachi in South Wales, Nocsik Hydro on Humberside - are renowned in industrial relations circles.

Department of Trade and Industry survey of 300 shows 21 per cent (much higher among Japanese-owned firms) with single-union deals - and 58 per cent with no union at all. "People want to get away from unions if they can. No self-respecting manager these days will plump for a union if there is a non-union alternative," says Mr Squire Sanders, an inward investment executive with the West Midlands Industrial Development Association. "The real choice for employers now," says Mr Graham Mather, general director of the Institute of Economic Affairs, "is between no recognition and a single-union deal, rather than between single-union and multi-union deals." Facing up to that choice, if it does become a genuinely widespread one, will be gravely difficult for unions in the UK, which are only just beginning to take note of the development of non-unionism.

THE SCRAFFING of Ford's plans for a major electronics plant in Dundee is a big setback in Scotland's drive to attract inward investment. It is a blow that may be little short of a tragedy. Ford's choice of a site in Dundee's designated Science Park, with sweeping views of the Firth of Tay and rich farmland, seemed to mark the end of a long period of economic stagnation in the city, caused by adverse economic forces, and aggravated by the short-sightedness of the city's leaders and, until recently, a bad labour relations record.

"branch plant" economy. The foreign-owned plants usually lack research and development functions, and have only a small number of senior managers. The numbers of shopfloor workers, thus, it is argued, they create an imbalance economy, forcing some potential managers to look outside Scotland for jobs. Furthermore, inward investment in electronics still has a long way to go in fulfilling hopes that it would create a strong indigenous electronics industry.

It is reckoned that foreign firms have invested \$1bn in Scotland since 1981, and in the past few months major companies such as IVC from Japan have decided to set up operations there. Professor Neil Hood, director of Loche in Scotland, the joint venture between the Scottish Office and the Scottish Development Agency (SDA), which was set up to attract inward investment to Scotland, acknowledged yesterday: "In the short term Ford's decision to pull out will damage Scotland's image. There's no question that it's a setback for us as it was a flagship project."

There is a unanimity among trade unions on single-union deals which, in the light of Ford, Dundee, might look surprising. On the right, Mr Gavin Laird, AEU general secretary, says such deals reflect more sensible bargaining arrangements. In the centre, Mr John Edmonds, general secretary of the General, Municipal, Boilermakers and Allied Trades Union, (GMW) says: "Single-union deals seem to be a very sensible way of organising industrial relations."

These companies' difficulties were exacerbated by labour troubles, particularly in the early 1980s, ironically often the responsibility of the AEU, which offered Ford the single-union agreement for its new plant in addition, the left-wing Labour city council did little for the city's image. It twinned Dundee, amid enormous publicity, with the West Bank town of Nabbus and, more seriously, police officers' strike in 1984. Investigations into allegations of corruption by individual councillors.

Winning the Ford plant for the new Science Park would eventually have brought up to 1,000 jobs, absorbed some of the city's redundant electronics workers, and helped to reduce the city's 14.4 per cent unemployment rate. It would have been a boost for the city, which has been a striking symbol that Dundee was at last on the way up again. Now it is not to be.

Body blow for Dundee's economic revival

Parents may be misrepresented

From Mr Alex Arthur. Sir, Your report on Scottish education (March 14) suggests that Michael Forsyth, the Scottish Education Minister, is trying to bring a rather old-fashioned system up to date rather than turn the clock back 20 years. The proposition that parents are the "consumers" of the products of the education system reflects a dogmatically commercial approach to a topic which will be obscured by having false categories forced upon it.

Letters to the Editor

There is more than fun in the Leipzig Fair. Sir, I am believing the Financial Times of March 14 ("Leipzig Fair: a frustrating affair for the many western companies showing their wares"). According to your reporter's opinion, this cannot be any different from the wrong side of the Iron Curtain.

A new dawn was expected in Czechoslovakia

The Red Army (in which many Czechs and Slovaks fought) had liberated the country from seven years of Nazi rule, and the Munich debacle was still fresh in people's minds. Hence a new dawn was expected. The KSC, under Gottwald's direction, was the major power in the country without the involvement of local political parties.

Musical chairs in motoring design

From Mr T.W. Rogers. Sir, The concern shown by the chairman of General Motors (GM) for the future of the European motor industry at the hands of the Japanese (FT, March 16) rings somewhat hollowly the day after Nissan announces that it is to set up a European design office in the UK, while GM is attempting to sell off its UK design and development offices at Luton.

Telephoning may be bad for your health

From Mr L.R. Dowsett. Sir, You recently commented on the nuisance caused to fellow train passengers by those executives who spend a large part of the journey telephoning their wives, girlfriends and their offices.

ADVERTISEMENT

Table with columns: Product, Applied, Int. Rate, Interest, Minimum, Access and other details. Lists various investment products like Alloy National, City of London, etc.

'In privatising electricity the Government is declaring open season on the UK coal market'

From Mr P.E. Heathfield. Sir, Your leader, "Why Coal Must Be Privatised" (March 15) left informed analysts behind. Now, as the coal industry is plunged into yet another crisis by electricity privatisation, the South of Scotland Electricity Board to replace British coal with imports, you say that the real answer is to privatise the coal industry first.

UK coal market

enhancing the miners' quality of life. The industry is crying out for a framework of technical change that could guarantee the continued, successful exploitation of Britain's buried treasure. The Government needs to overcome its lunatic obsession with smashing the independent spirit of the mining communities.

UK coal market

mines worth over \$50m; with huge coal imports it will be closing profitable mines by the dozen. The legislative framework of nationalisation was drafted with two assumptions in mind: first, that there would only be one operator in the industry, second, that miners' lives and well-being had a higher premium than that placed upon them by the private owners.

UK coal market

With two centuries of mining behind us, and another three waiting ahead, the country is owed a high technology, publicly-owned mining industry capable both of reducing costs and

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UK COMPANY NEWS

LWT makes alternative proposals to tendering

BY FIONA THOMPSON

TELEVISION FRANCHISE holders should face a performance review every three to five years and lose their franchise if they fail, Mr Christopher Bland, chairman of LWT (Holdings) said yesterday.



Christopher Bland: competitive tendering is a punishment

In addition, TV companies should be open to takeover something which is effectively impossible under most of the companies' present articles of association.

LWT has submitted these proposals to the Government as an alternative to competitive tendering. A Cabinet committee last month decided to push ahead with auctioning franchises to the highest bidder when the present, extended, TV franchises run out at the end of 1992.

senting technicians and journalists, BETA for studio staff and KEPTU for the electricians.

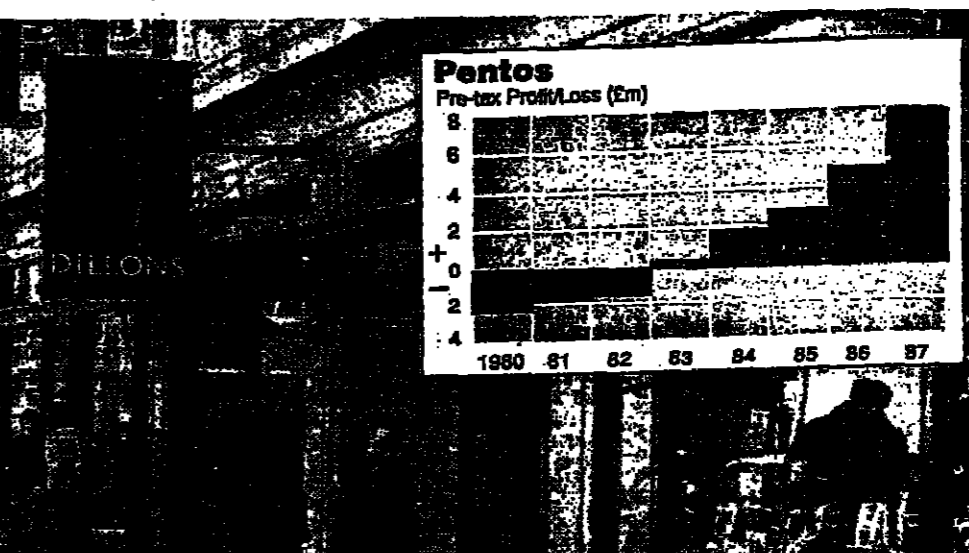
He denied that the proposals would lead to a strike but said "any prudent management wouldn't rule out that possibility."

Andrew Hill casts an eye over the ambitious expansion aims of Terry Maher's Pentos

Shaking up sleepy UK book trade

WITHIN THREE to five years British bibliophiles could be buying nearly one in seven of their books from stores owned by Pentos - that, at least, is the company's ambitious goal.

The company returned to profit in 1988, about the same time Mr Maher says he stumbled on the technique of modern retail design, already being widely applied in other areas of consumer retailing.



Since then logos, colour schemes, layout and decor in Pentos shops have all been redesigned; electronic point of sale equipment is being installed. The Athens book and poster shops and Dillons bookstores have already undergone the same.

Turnover for the six months was slightly ahead at £100.72m (£97.73m). Television and related activities contributed the bulk of profit - £11.34m. Century Hutchinson, the publishing business, made £382,000 and Page & Moy, the travel company, contributed £200,000. Property and other income brought in £227,000.

Recent Pentos announcements included pre-tax profits of £7.2m for 1987, lifted by a 62 per cent increase in trading profits from the group's specialist retailing sector, which since last August has included the Ryman stationary chain.

Waterstone's, with 124,000 sq ft is aiming for 161,000 sq ft by 1989 and at the last count WH Smith held a useful 125,000 sq ft through Sherratt & Hughes.

LONDON RECENT ISSUES

Table with columns for EQUITIES, FIXED INTEREST STOCKS, and RIGHTS OFFERS. It lists various companies and their stock prices.

Refuge up 19% to £9.77m

By Eric Short
STRONG GROWTH in 1987 is reported by Stages Assurance, the Manchester-based home service insurance company, with a 19 per cent rise in pre-tax profits from £8.23m to £9.77m.

Acquisitions push Tyzack Turner ahead to £1.15m

By Nikki Tait
Tyzack Turner Group, the Sheffield-based engineering group which has become a vehicle for Mr John Newman, former Hanson acquisitions manager, and Mr Nick Ship, ex-estekbrok, yesterday announced pre-tax profits of £1.15m in the year to December 26 on sales of £16.75m.

Water companies in agreed bid

By Andrew Hill
Bwater, a private water contracting and engineering company, is making a recommended cash offer for East Worcestershire Waterworks, a statutory water company which treats and supplies water for the area south of Birmingham.

OIS unconditional

The offer for Oilfield Inspection Services by a consortium headed by Mr Paul Bristol was yesterday declared unconditional. The consortium now controls 53.2 per cent of OIS shares. The offer was extended until April 2.

Baynes shows £1.2m loss

By Nikki Tait
Charles Baynes, the Cardiff-based aircraft company where South African entrepreneur Mr Bruce McInnes moved in last August, yesterday reported a £1.2m loss before tax for the 15 months to end-December.

Rise to £1.53m for Sykes-Pickavant

Sykes-Pickavant, the Lancaster-based manufacturer of hand tools for the automotive, industrial, hardware and DIY markets, announced pre-tax profits for 1987 up 16 per cent from £1.28m to £1.53m. The profit figure is 5 per cent ahead of the forecast made in November when the company came to the USM.

Savage soars to £2.2m as acquisitions pay off

By Andrew Hill
Savage Group, the expanding DIY and hardware company, more than quadrupled profits for the half-year to December 31 1987, reporting £2.2m before tax against £270,000 in 1986.

APPOINTMENTS

Three executive director posts at Charterhall
CHARTERHALL has appointed Mr Kevin Freedman, previously head of corporate planning at Touche Remnant & Co, as executive director.

Town Centre Secs.

Town Centre Securities is paying an interim dividend of 0.5p in respect of the year to June 30 1988 and not 5p as reported in yesterday's FT.

DIVIDENDS ANNOUNCED

Table listing dividends for various companies including Camel Venture, LWT (Holdings), Savage Group, Sykes-Pickavant, Walker (Thomas), and others.

Unilever's Budget bonus

HOLDERS of UK shares in Unilever, the Anglo-Dutch consumer products group, will receive a slightly higher net final dividend for 1987 as a result of tax changes in the Budget.

Three executive director posts at Charterhall

CHARTERHALL has appointed Mr Kevin Freedman, previously head of corporate planning at Touche Remnant & Co, as executive director. Mr David Cutler, previously a financial manager with Schlumberger Group and Reuters, as executive director, accounting, and Mr John Greig, previously head of venture capital investments at Casanova & Co, as executive director, investments.

Sotheby's looks set for spring flotation

By Clay Harris
Sotheby's Holdings, the privately owned US parent of the world's largest art auction group, said yesterday it hoped to proceed with share offers in London and New York this spring if stock market conditions were favourable.



Alfred Taubman: took Sotheby's private in 1983



FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday March 17 1988, Wednesday March 16 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, UK, USA, and World Index.

Best value: Dec 31, 1987 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ based); 90.91 (Pound Sterling) and 94.94 (Czech). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Irish market closed for public holiday on March 17. Latest prices were available for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAO system yesterday until 5 pm.

Table listing trading volume for various stocks including ASDA-NPI, Allied-Lyons, Anglo, Anglo-Scottish, Anglo-Thai, Anglo-Texas, Anglo-Trust, Anglo-Union, Anglo-World, Anglo-Zimbabwe, Anglo-India, Anglo-Nigeria, Anglo-Sudan, Anglo-Tanzania, Anglo-Zambia, Anglo-Zimbabwe, Anglo-India, Anglo-Nigeria, Anglo-Sudan, Anglo-Tanzania, Anglo-Zambia, Anglo-Zimbabwe.

ECONOMIC DIARY

Reserve board meeting in Paris. P. & O. and Burton Group publish annual results. WEDNESDAY: New construction orders (January-provisional). European Community economic and social committee meets in Brussels (until March 24). TUC general council meets. Labour Party national executive committee meeting. BAT Industries and Woolworth Holdings results. Bell Resources shareholders meet in Perth to approve Bell merger. THURSDAY: Personal income and expenditure (fourth quarter). Industrial and commercial companies (fourth quarter). Financial Times conference "Technology in the international securities market" at the Hotel Inter-Continental, London W1. British Rail campaign launch. Rolls-Royce and Smith & Nephew publish preliminary figures. Symposium on French economy in Paris. FRIDAY: Balance of payments current account and overseas trade figures (February). Tax and price index (February). Retail prices index (February). National People's congress begins in Beijing. Secondary Heads Association conference in Reading (until March 27).

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Friday March 18 1988, The Mar 17, The Mar 16, The Mar 15, Year ago (approx), and Highs and Lows Index. Rows include 1 CAPITAL GROUPS, 2 BUILDING MATERIALS, 3 CONTRACTING, 4 ELECTRICALS, 5 ELECTRONICS, 6 MECHANICAL ENGINEERING, 7 METALS, 8 MOTOR VEHICLES, 9 OTHER INDUSTRIAL MATERIALS, 10 CONSUMER GROUPS, 11 FOOD & BEVERAGES, 12 FOOD RETAILING, 13 HEALTH & PERSONAL CARE, 14 LEISURE, 15 PACKAGING & PAPER, 16 TELEPHONE NETWORKS, 17 OTHER SERVICES, 18 CHEMICALS, 19 COMMERCE, 20 SHIPPING & TRANSPORT, 21 TELEPHONE NETWORKS, 22 OTHER SERVICES, 23 ALL-SHARE INDEX.

Table with columns for Fixed Interest, Average Gross Redemption Yields, and Price Indices. Rows include British Government, 1-5 years, 5-15 years, 15-25 years, 25-30 years, All stocks, Inflation-linked, 5 years, 10 years, 15 years, 20 years, 25 years, 30 years, All stocks, Inflation-linked, 5 years, 10 years, 15 years, 20 years, 25 years, 30 years.

Investment in small companies provides good returns. 20% increase in annual dividend. St. Andrew Trust. St. Andrew Trust, managed by Martin Currie, specialises in investing in fast-growing smaller companies at home and abroad. This policy literally paid handsome dividends in 1987. In the year to 31st December earnings per share increased substantially, enabling us to raise our own dividend to shareholders by 20%. Despite the events of October, St. Andrew Trust all but maintained its year on year net asset value per share. Commenting on an interesting year Chairman David Ross Stewart says: "Smaller companies were severely and often unreasonably mauled in last year's stock market collapse. St. Andrew Trust's stable net asset value can be considered a satisfactory performance in such circumstances." The Chairman emphasised that the strong increase in dividend was the result of the policy of selecting companies with robust balance sheets. The long-term record of St. Andrew Trust illustrates the benefits of owning shares in investment trusts. Our trust offers the private investor professional management of a carefully assembled portfolio of investments at a very modest cost. The results speak for themselves. The 1987 Report and Accounts for St. Andrew Trust are now available. If you would like a copy and information on how to buy shares in St. Andrew Trust, please complete and return the coupon below. St. Andrew Trust p.l.c. A member of the Association of Investment Trust Companies. Please complete and return this coupon to: Stewart Coghil, Martin Currie Investment Management Limited, 28 Charlotte Square, Edinburgh EH2 4HA. Tel: 031-225 3811. Please send me a copy of the 1987 St. Andrew Trust Annual Report [ ] Please send me details and application forms for the Martin Currie Savings Plan [ ] Name: \_\_\_\_\_ Address: \_\_\_\_\_

SWISS VOLKSBANK. Dividend 1987. At the Meeting of Delegates on March 18th, 1988 it was decided to pay on each share at par value Sfr. 500.- and on each participation certificate at par value Sfr. 50.- the following dividend: Shares (Identification No. 132 054 [Telekurs]) Coupon No. 56 Gross Sfr. 75.- Less 35% Swiss Withholding Tax Net Sfr. 48.75 and Participation Certificates (Identification No. 132 059 [Telekurs]) Coupon No. 11 Gross Sfr. 7.500 Less 35% Swiss Withholding Tax Net Sfr. 4.875. The coupons can be presented for payment - free of charge - at any of our branches, from March 21st, 1988. VOLKSBANK LETTER. Volksbank Letter 1/88 includes the results for fiscal year 1987 and a comment on the bank's immediate business outlook. Volksbank Letter 1/88 is available at the securities desk of all Volksbank branches.

INTERNATIONAL COMPANIES AND FINANCE

Pillsbury posts big loss, puts pizza chain on block

BY ANATOLE KALETSKY IN NEW YORK
PILLSBURY, the large US food group which has been at the centre of interesting takeover speculation since a boardroom reshuffle three weeks ago, is to sell one of its main restaurant chains, Godfather's Pizza, which it bought only three years ago for about \$400m.

HongKong Land boosts profits

BY DAVID DODWELL IN HONG KONG
HONGKONG LAND, the property group which in recent months has been the subject of takeover speculation, posted net profits by a fifth last year to HK\$1.1bn (US\$141m) from HK\$920m in 1986.

Saint-Gobain bids for Belgian minority

SAINT-GOBAIN, the French glass and packaging group, has launched a paper bid for the 31.2 per cent minority stake in the Belgian subsidiary Saint-Gobain Industrie.

Whirlpool files lawsuit against GE

By Our New York Staff

WHIRLPOOL, the second-biggest US appliance manufacturer, has filed what is described as a "Texaco-type lawsuit" against General Electric, charging the giant US manufacturer with unfair interference in a \$350m merger agreement it had made with Roper, another big appliance maker.

Whirlpool also raised its bid for Roper from \$57.5 to \$65 a share, topping GE's \$45 a share offer, and winning a new recommendation from the Roper board. However Roper's shares soared by 85% to \$62.5 on the Whirlpool announcement, suggesting market expectations that GE will push the auction price still higher.

Buy-out at Fairfax US

BY OUR FINANCIAL STAFF

A MANAGEMENT buy-out in being sought at Fairfax Publications (US), the Australian-owned publisher of Ms Magazine and the newly launched Sassy for teenagers, Our Financial Staff writes.

The hunt is on in the bid for Bell Resources. Chris Sherwell reports Rivals gang up on 'Dear Rob'

INHABITANTS of Australia's corporate jungle were visibly salivating yesterday after Sir Ron Brierley joined forces with Mr Kerry Packer in an attack on Mr Robert Holmes & Court's Bell Resources empire.

Here, once again, was a good old chase to remind them of the bull market which prevailed before last October's share price collapse. Trading volumes on the stock market duly soared, and the benchmark All-Ordinaries index shot up 2.8, through the 1,400 barrier to hit 1,414.7, the highest since October '85.

Storebrand dives into the red

BY KAREN FOSSLI IN OSLO

STOREBRAND, Norway's largest insurance and financing group, yesterday announced a big loss for 1987. The company reported a 10 per cent drop in profits for a one-for-five rights issue.

Porsche optimistic despite sales fall

BY OUR FINANCIAL STAFF

PORSCHE, the West German maker of fast, luxury cars, said yesterday that net earnings for the first half of this year remained positive despite a 14.5 per cent cutback in world sales.



Robert Holmes & Court-tasting his own medicine

NZI launches two insurance takeover bids

By Our Financial Staff

NZI, the New Zealand financial services group which is about a third owned by Brierley Investments, is seeking to expand its core insurance business through takeover bids on either side of the Tasman.

WORLD COMMODITIES PRICES

Week in the Markets

Aluminium and nickel prices on the London Metal Exchange were driven to record levels this week by the continuing combination of high demand and low stocks.

Table with columns: Commodity, Last prices, Change on week, Year ago, High, Low. Includes Gold, Silver, Copper, Nickel, Tin, Zinc, Wheat, Soybeans, etc.

LONDON METAL EXCHANGE

Table with columns: Metal, Close, Previous, High/Low, AM Official, Verb Close, Open Interest. Includes Aluminium, Copper, Lead, Zinc, Tin, Nickel.

COCAOA & RUBBER

Table with columns: Commodity, Close, Previous, High/Low. Includes Cocoa, Rubber, Latex.

GRAIN & OILS

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn, Soybeans, Oilseeds.

POTASSIUM

Table with columns: Commodity, Close, Previous, High/Low. Includes Potassium Chloride.

LONDON METAL EXCHANGE (continued)

Table with columns: Metal, Close, Previous, High/Low, AM Official, Verb Close, Open Interest. Includes Aluminium, Copper, Lead, Zinc, Tin, Nickel.

COCAOA & RUBBER (continued)

Table with columns: Commodity, Close, Previous, High/Low. Includes Cocoa, Rubber, Latex.

GRAIN & OILS (continued)

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn, Soybeans, Oilseeds.

POTASSIUM (continued)

Table with columns: Commodity, Close, Previous, High/Low. Includes Potassium Chloride.

INTERNATIONAL FUTURES MARKET

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybeans, Corn, Wheat, Oil.

SOYBEAN MEAL & OIL

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil.

WHEAT & CORN

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn.

POTASSIUM (continued)

Table with columns: Commodity, Close, Previous, High/Low. Includes Potassium Chloride.

PRECIOUS METALS

Table with columns: Commodity, Close, Previous, High/Low. Includes Gold, Silver, Platinum.

NEW YORK

Table with columns: Commodity, Close, Previous, High/Low. Includes Gold, Silver, Copper.

SOYBEAN MEAL & OIL

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil.

WHEAT & CORN

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn.

CHICAGO

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybeans, Corn, Wheat, Oil.

SOYBEAN MEAL & OIL

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil.

WHEAT & CORN

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn.

POTASSIUM

Table with columns: Commodity, Close, Previous, High/Low. Includes Potassium Chloride.

REUTERS (Base: September 1981 = 100)

Table with columns: Index, Mar '87, Mar '88, 12m ago, 12m ago % change. Includes NYSE, Dow Jones, Nikkei.

SOYBEAN MEAL & OIL

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil.

WHEAT & CORN

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn.

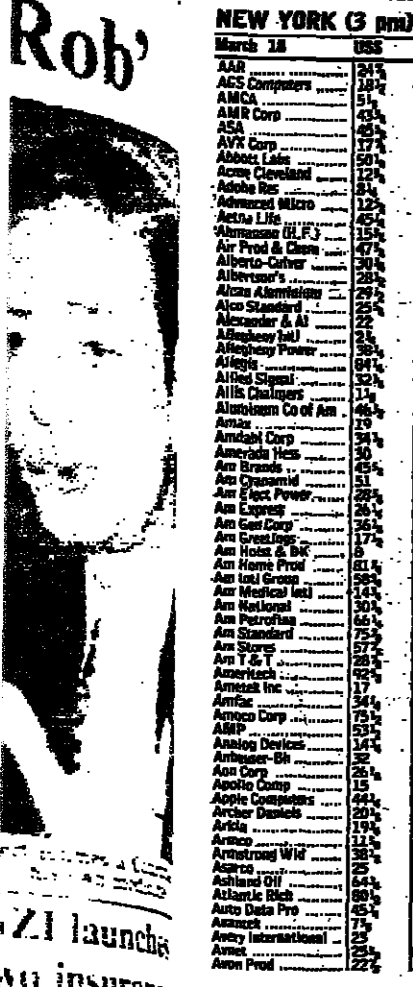
POTASSIUM

Table with columns: Commodity, Close, Previous, High/Low. Includes Potassium Chloride.

Table of exchange rates and other financial data.

WORLD STOCK MARKETS

دولار



Rob' ... ZI launches ... insurance ... takeover bid

NEW YORK (G pm)

Table of stock prices for various companies in New York, including columns for company names, prices, and changes.

Wall Street

Dow rises as witching hour nears

EARLY afternoon trading saw stock prices move modestly upwards and hover near their highest levels since the October 19 crash.

Canada

A broad-based rally took place in Toronto by mid-afternoon. The composite index rose 7.7 to 3,827.4 as advances led declines by 387 to 321 on volume of 18.7m shares.

CANADA (G pm)

Table of stock prices for various companies in Canada, including columns for company names, prices, and changes.

Tokyo

Robust trade saw share prices close higher, although optimism following the US January trade deficit was tempered by comments made by Bank of Japan governor Mr. Satochi Sumita that the stock market was rising too quickly.

Milan

A new 1988 high for the fourth consecutive session was reached in active trading in Milan. The MIB index gained 21 to 1,126.

Amsterdam

The firmer dollar and renewed gains on Wall Street boosted Dutch shares in active business.

Frankfurt

For the fourth day running, West German shares closed higher in active trading as the firmer dollar encouraged domestic and foreign investors.

Australia

Post-crash highs came in early trading in Sydney. Although share prices fell back later, they closed up, with gains in all sectors.

Singapore

Profit-taking before the weekend pushed Singapore prices down from their initial rises after the rise on Wall Street and a firming of the Tokyo market.

Hong Kong

Reports of increased profits by Hong Kong's big property companies prompted Hong Kong share prices to move higher in active trading.

Zurich

Swiss trading was boosted by a stronger dollar and the overnight gains on Wall Street. Share prices closed firmer but below the day's lows, with the all-share Swiss index up 5.7 to 855.4.

Madrid

A new year high in Madrid was attained after favourable US trade news. The general index closed 2.84 up at 270.87. The previous year high was 268.59 on Wednesday.

Table of stock prices for various companies in Australia, Singapore, Hong Kong, Zurich, and Madrid, including columns for company names, prices, and changes.

INDICES

NEW YORK DOW JONES

Table showing Dow Jones Industrial Average and other indices for New York, including columns for date, index value, and change.

STANDARD AND POOR'S

Table showing Standard and Poor's 500 Index and other indices, including columns for date, index value, and change.

NEW YORK ACTIVE STOCKS

Table showing active stock trading in New York, including columns for volume, value, and other statistics.

CANADA TORONTO

Table showing stock prices and indices for Toronto, including columns for company names, prices, and changes.

JAPAN

Table showing stock prices and indices for Japan, including columns for company names, prices, and changes.

FRANCE

Table showing stock prices and indices for France, including columns for company names, prices, and changes.

GERMANY

Table showing stock prices and indices for Germany, including columns for company names, prices, and changes.

NETHERLANDS

Table showing stock prices and indices for the Netherlands, including columns for company names, prices, and changes.

SPAIN

Table showing stock prices and indices for Spain, including columns for company names, prices, and changes.

SOUTH AFRICA

Table showing stock prices and indices for South Africa, including columns for company names, prices, and changes.

SWITZERLAND

Table showing stock prices and indices for Switzerland, including columns for company names, prices, and changes.

IRELAND

Table showing stock prices and indices for Ireland, including columns for company names, prices, and changes.

AUSTRALIA

Table showing stock prices and indices for Australia, including columns for company names, prices, and changes.

NEW ZEALAND

Table showing stock prices and indices for New Zealand, including columns for company names, prices, and changes.

INDONESIA

Table showing stock prices and indices for Indonesia, including columns for company names, prices, and changes.

PHILIPPINES

Table showing stock prices and indices for the Philippines, including columns for company names, prices, and changes.

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CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

Strong rise in equities but Gilts nervous

FOREIGN EXCHANGES

Profit taking hurts pound

STERLING LOST ground after a firmer start, as profit taking and a firmer dollar added to the effects of Thursday's half point cut in UK base rates.

The pound touched a high of DM3.1050 in the morning with dealers reporting strong demand, but the trend was quickly reversed, and sterling retreated to DM3.0940.

There was no hint of any intervention by the Bank of England, and the pound closed at DM3.0900 from DM3.0975 and Y23.75, unchanged from Thursday.

UK M3 money supply rose by 0.4 p.c. in February, compared £ IN NEW YORK

Table with columns: Mar 18, Latest, Previous, showing exchange rates for Sterling, Euro, and others.

CURRENCY RATES table showing rates for various currencies like Sterling, Euro, Swiss Franc, etc.

CURRENCY MOVEMENTS table showing percentage changes for various currencies.

OTHER CURRENCIES table showing rates for currencies like Australian Dollar, Canadian Dollar, etc.

MONEY MARKETS

UK rates slightly lower

ATTENTION FOCUSED on the performance of the pound in yesterday's money market. As it turned out, profit taking ahead of the weekend to alleviate downward pressure on interest rates.

UK money supply and bank lending figures were better than expected, which took some of the steam out of recent fears that the economy was in danger of overheating.

The forecast was revised to a shortage of around £50m, and the Bank gave assistance in the morning of £187m through out-

weekend saw the pound weaker in Frankfurt. After a high of DM3.1050, sterling slipped back to DM3.0900. Early afternoon trading saw the pound retreat further to DM3.0875.

The dollar attracted investor interest after Thursday's encouraging trade figures but dealers stressed that much of the demand emanated from a switch of sterling rather than a fundamental change in dollar sentiment.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 161.35. February average 159.17. Exchange rate index 240.3 against 222.4 six months ago.

Profit taking ahead of the weekend saw the pound weaker in Frankfurt. After a high of DM3.1050, sterling slipped back to DM3.0900.

Table with columns: Mar 18, Day's High, Low, One month, % p.a., Three months, % p.a., showing POUND SPOT - FORWARD AGAINST THE POUND.

Table with columns: Mar 18, Day's High, Low, One month, % p.a., Three months, % p.a., showing DOLLAR SPOT - FORWARD AGAINST THE DOLLAR.

Table with columns: Mar 18, Short term, 7 days, One month, Three months, Six months, One year, showing EURO CURRENCY INTEREST RATES.

Table with columns: Mar 18, £, \$, DM, F.Fr., S.Fr., H.Fr., L.Fr., C.S., showing EXCHANGE CROSS RATES.

Table with columns: Mar 18, Overnight, 7 days, One month, Three months, Six months, One year, showing LONDON MONEY RATES.

FT LONDON INTERBANK FINANCING table showing rates for various currencies and terms.

Account Dealing Dates table showing dates for various currencies.

THE UK EQUITY market turned in a strong performance yesterday in what appeared to be its first, considered response to this week's UK Budget.

Gilts remained the Achilles Heel of the London market. Long-dated bonds ended with small losses after abandoning early gains, despite general clearing of the "bull" positions built up ahead of Budget Day.

The market is now once again without a tap and with the authorities in no mood of trading. This situation may continue until the Bank sees any need to exercise greater control over the market.

Index-linked Gilts continued to show a muted response to the Budget measures. Prices were marked up at first, but support failed to materialise and by the close, prices were little changed on the day.

BP, where activity has fallen over the past few days, returned to prominence with 15m shares of the oil and "new" shares changing hands. Buying of both classes of stock gathered momentum throughout the day and was carried out by the same firm known to have bought aggressively for the Kuwaiti

FINANCIAL TIMES STOCK INDICES table showing indices for Government Secs, Financial Interest, Ordinary, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001 table showing share prices and indices.

Investment Office in the previous week when the FT-SE 100 index was lifted to around 2208.8 per cent.

Life assurances continued their post-Budget advance with Legal and General spearheading the latest upsurge after an extremely positive press response to their preliminary figures; the stock was additionally boosted by a "buy" recommendation from Kitcat & Aitken's Paul Hodges who forecastes dividend growth of the next three to four years.

Commercial Union jumped 8 more to 349p on turnover of 2.8m shares after reports of US motor insurance doubling of US motor insur-

Woodworth initially moved up to 310p but later fell to close a shade off at 305p ahead of Wednesday's preliminary results which Kleinwort Greaveson estimate will come out around 30 per cent higher at £142m. Drug store group UK Retailers was long regarded as a prime bid target spurred 19 to 140p on substantial "new-time" buying.

The electronics sector remained one of the market's most active areas with Ferranti attracting turnover of 10m and setting a share price of 85p ahead of Wednesday's major presentation to analysts to be held in Manchester and also amid vague stories of a possible stake-building operation and eventual bid. STV, 3 up at 249p, were mentioned as a potential bidder for Ferranti.

Thorn EMI jumped 21 to 624p after Chase Manhattan Securities issued a "strong buy" recommendation and increased their forecast for the company's end-1988 profits to £225m and for the following year to £288m.

A heavy business in the Traded Options market contributed to the general activity in Rolls-Royce which settled 2 firms at 130p in a volume of some 11m shares. Elsewhere in the Engineers, interest revived in McCheche, 15 to the good at 386p, and Thomas Robinson, 16 higher at 478p.

stocks took a distinct turn for the better in the wake of an earlier trend in sterling and the overnight advance on Wall Street. A favourable response to the preliminary figures generated fresh interest in BTR which moved ahead in active trading (some 8.5m shares changed hands) to close 7 higher at 259p. Hanson, which announced the sale of the Ross Young's frozen foods business to United Biscuits for £335m cash earlier in the week, were also briskly traded (10m) before settling a few pence firmer at 139p. Wellcome rallied 9 to 489p, but Glaxo, the subject of US sell-off after a small initial improvement, resisted the trend and closed a few pence lower at 1082p.

Resters, a US favourite, moved ahead smartly to finish 20 to the good at 549p; the company announced an arrangement with S.G. Warburg for a £150m multiple option facility venture. Further demand for Redfearn, up 22 more at 639p, following the sudden change in chairmanship announced earlier this week gave rise to takeover talk. BAA were active in the wake of the recent good trading figures and closed a shade better at 115p in a volume of some 7.2m. British Airways, 5 up at 178p, also attracted a fair amount of attention. Cookson, scheduled to reveal preliminary figures next Thursday, edged up 3 to 572p. BZW analysts are looking for pretax profits of around £145m compared with £94.5m. Granada met with occasional support and improved 9 to 339p, while London International, boosted recently by talk that it is about to sell its Royal Worcester Spode division, revived with a share of £1.83. LWT became the second TV group to reveal disappointing results this week behind those of HTV; LWT dipped to 136p on the news before closing a net 6 down at 139p. HTV, after Thursday's fall of 14, finished a shade dearer at 143p.

Lasar Industries led Motor shares out of their pre-Budget doldrums, gaining 13 to 629p ahead of Thursday's interim results. Lex Service similarly revived, rising 8 to 349p, but Jaguar struggled to improve and closed only 1p higher at 307p. Distributors featured a surge in Western Motor, up 19 at 499p, and firmness in Jessups, 15 higher at 170p.

Satchel & Satchel were heavily bought by BZW, which believes the stock is trading at a discount to the Agency sector, and rose 17 to the Agency sector, and rose 17 to 294p. Rugby attracted support ahead of Monday's preliminary figures and put on 10 to 260p, and Redland, boosted by some keen buying from securities house Phillips and Drew, gained 14 to 442p. Costain were excited by news that Trafalgar House had increased its stake to 6.5 per cent and advanced 9 to 327p. Barratt Developments, too, were in demand and put on 7 to 207p; the interim results are due next Wednesday. Magnet, still since the Chancellor's decision to end tax relief on loans for house improvements, rallied 11 to 247p. ICI edged forward helped by currency factors to close 8 higher at 1082p.

The influx of "genuine investment money" continued in the stores sector although there were suspicions of a minor stock shortage, dealers said. Amid a general advance Batters were particularly sought and raced up to 270p before closing a net 17 higher at 265p.

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NEW HIGHS AND LOWS FOR 1987/88 table listing various stocks and their price movements.

LONDON STOCK EXCHANGE

DEALINGS

Details of orders done during the week ending Thursday's Stock Exchange Official List and should not be reproduced without permission. Details of orders done during the week ending Thursday's Stock Exchange Official List and should not be reproduced without permission. Details of orders done during the week ending Thursday's Stock Exchange Official List and should not be reproduced without permission.

**Corporation and County Stocks**  
No. of bargains indicated 1238  
Greater London Council 11% 1/8 Red Sk 80/20 - 21/16 (114/88)  
London County Council 11% 1/8 Red Sk 80/20 - 21/16 (114/88)

**UK Public Bonds**  
No. of bargains indicated 4  
Agriculture Mortgage Corp PLC 3% Deb 84/88 - 22/16 (114/88)

**Foreign Stocks, Bonds, etc - (coupons payable in London)**  
No. of bargains indicated 4  
Green, Kingston of Montserrat 4% 1987 Gov 84/88 - 22/16 (114/88)

**Breweries and Distillers**  
No. of bargains indicated 50  
Aldred & Co 10% 3/4 Cum Prt E1 - 50 (114/88)

**Commercial, Industrial, etc**  
No. of bargains indicated 54  
AAH Hedges PLC 2 1/2% Cum Prt E1 - 54 (114/88)

**Sterling Issues by Overseas Borrowers**  
No. of bargains indicated 13  
Asian Development Bank 10% 1/8 Lm 2001 (Reg) - 11/8 (114/88)

**Banking**  
No. of bargains indicated 12  
Bank of America 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Insurance**  
No. of bargains indicated 12  
Aberdeen & Clyde 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Shipping**  
No. of bargains indicated 12  
Anglo-Siam Shipping 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Utilities**  
No. of bargains indicated 25  
Baron Transport PLC 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Mines - South African**  
No. of bargains indicated 7  
Anglovaal Ltd 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Water Works**  
No. of bargains indicated 25  
Bristol Waterworks Co 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Property**  
No. of bargains indicated 107  
Allied London Properties PLC 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Financial Times**  
No. of bargains indicated 12  
Financial Times 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**Companies**  
No. of bargains indicated 1238  
Aberdeen & Clyde 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

**British-American Tobacco Co Ltd 5% Cum Prt 81/87 - 43/8 (114/88)**  
Royal & Forester Group PLC 8% Cum Prt 81/87 - 43/8 (114/88)

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**T.J.P. Energy PLC 2 1/2% Lm 2001 (Reg) - 11/8 (114/88)**  
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**Investment Trusts**  
No. of bargains indicated 942  
Alliance Trust PLC 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

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**USM Appendix**  
No. of bargains indicated 12  
Aberdeen & Clyde 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

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Aberdeen & Clyde 10% 3/4 Lm 2001 (Reg) - 11/8 (114/88)

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**ESSEX**  
The Financial Times proposes to publish this survey on:  
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For a full editorial synopsis and advertisement details, please contact:  
Brett Trafford  
on 01-262 8000 ext 5116  
or write to him at:  
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10 Cannon Street  
London  
EC4A 3DF  
**FINANCIAL TIMES**  
LONDON & NEW YORK

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday March 17 1988. Table with columns for various market indices and their percentage changes.

RISERS AND FALLS

Table showing percentage changes on Friday, Saturday, and Sunday for various market categories like British Funds, Corporations, etc.

BANK RETURN

Table with columns for Banking Department (Liabilities, Assets) and Issue Department (Liabilities, Assets) showing values and percentage changes.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including A.B.I. Bank, City of London, etc.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data with columns for Series, May, Jun, Jul, Aug, and Stock prices.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table listing authorized unit trusts with columns for Name, Manager, and other details. Includes sub-sections like 'Allied Unit Trusts Ltd', 'City of London Unit Trusts', etc.

Advertisement for 'THE FINANCIAL TIMES' celebrating a centenary history, featuring a quote from David Kynaston and a price of £26.00.

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FT UNIT TRUST INFORMATION SERVICE

Handwritten note: "LTD 10/10/88"

Main table containing unit trust information, including columns for company names, fund names, and numerical values. Includes a central 'INSURANCES' section.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

This table provides comprehensive information on various unit trusts, categorized by region and management services.

### UNIT TRUST INFORMATION

**UNIT TRUSTS:** Lists various trusts such as 'Prudential Assurance Co Ltd', 'Royal Heritable Life Assurance Co Ltd', 'Standard Life Assurance Co Ltd', etc. Each entry includes the trust name, location, and a list of units with their respective values.

### MANAGEMENT SERVICES

**MANAGEMENT SERVICES:** Lists companies providing management services, such as 'The Analysts Group PLC', 'Fleet Financial Services PLC', 'Fitzgerald Ltd', etc. Each entry includes the company name, location, and a list of services.

### OFFSHORE AND OVERSEAS

**OFFSHORE AND OVERSEAS:** Lists trusts and services available in offshore and overseas markets, such as 'Alloy Global Investment Fund', 'Alliance International Fund', etc. Each entry includes the trust name, location, and details.

The table is organized into several columns, each representing a different category of unit trusts or management services. Each entry typically includes the name of the trust or company, its registered address, and a list of units or services offered, often with associated numerical values or codes.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "Lond, 19/3/88"

Table of FT Unit Trust Information Service. Columns include Fund Name, Manager, and various performance metrics.

Table of LONDON SHARE SERVICE. Includes sections for BRITISH FUNDS, FOREIGN BONDS & RAILS, AMERICANS, INT. BANK AND O'SEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, and LOANS.

Table of Money Market Trust Funds and Money Market Bank Accounts. Lists various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Express, American International Group, and American Overseas, with columns for share price and percentage change.

BUILDING, TIMBER, ROADS - Contd

Table listing building and construction companies like Bovis Lend Lease, Bovis Lend Lease Group, and Bovis Lend Lease International.

DRAPERY AND STORES - Contd

Table listing drapery and retail stores such as Debenhams, Debenhams Group, and Debenhams International.

ENGINEERING - Contd

Table listing engineering firms including Balfour Beatty, Balfour Beatty Group, and Balfour Beatty International.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Petroleum, British Petroleum Group, and British Petroleum International.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies, continuing from the previous section.

CANADIANS

Table listing Canadian companies like Alcan, Alcan Group, and Alcan International.

BANKS, HP & LEASING

Table listing banks and financial institutions such as Bank of Montreal, Bank of Montreal Group, and Bank of Montreal International.

ELECTRICALS

Table listing electrical companies like British Telecom, British Telecom Group, and British Telecom International.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, ICI Group, and ICI International.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies, continuing from the previous section.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies, continuing from the previous section.

BEERS, WINES & SPIRITS

Table listing beer and spirits companies like Carlsberg, Carlsberg Group, and Carlsberg International.

DRAPERY AND STORES

Table listing drapery and retail stores, continuing from the previous section.

ENGINEERING

Table listing engineering firms, continuing from the previous section.

INDUSTRIALS (Misc.)

Table listing various industrial companies, continuing from the previous section.

INDUSTRIALS (Misc.)

Table listing various industrial companies, continuing from the previous section.

INSURANCES

Table listing insurance companies like British American Insurance, British American Insurance Group, and British American Insurance International.

BUILDING, TIMBER, ROADS

Table listing building and construction companies, continuing from the previous section.

DRAPERY AND STORES

Table listing drapery and retail stores, continuing from the previous section.

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LONDON SHARE SERVICE

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INSURANCES - Contd

Table listing insurance companies and their share prices. Columns include company name, price, and other financial metrics.

LEISURE

Table listing leisure-related companies such as hotels and resorts, with their respective share prices.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft sectors, including commercial vehicles and components.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies, with their share prices and other data.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising industries.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the Paper, Printing, and Advertising section.

PROPERTY

Table listing real estate and property-related companies.

SHIPPING

Table listing shipping and maritime companies.

SHOES AND LEATHER

Table listing companies in the shoes and leather industry.

SOUTH AFRICANS

Table listing South African companies.

TEXTILES

Table listing textile companies.

TEXTILES - Contd

Continuation of the Textiles section.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

FINANCE, LAND, etc

Table listing various finance and land companies.

OIL AND GAS

Table listing oil and gas companies.

OIL AND GAS

Continuation of the Oil and Gas section.

OIL AND GAS

Continuation of the Oil and Gas section.

TRUSTS, FINANCE, LAND - Contd

Continuation of the Trusts, Finance, and Land section.

FINANCE, LAND, etc

Table listing various finance and land companies.

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Continuation of the Oil and Gas section.

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Continuation of the Oil and Gas section.

OIL AND GAS - Contd

Continuation of the Oil and Gas section.

OVERSEAS TRADERS

Table listing overseas trading companies.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

Central Rand

Table listing Central Rand mining companies.

Eastern Rand

Table listing Eastern Rand mining companies.

Far West Rand

Table listing Far West Rand mining companies.

O.F.S.

Table listing O.F.S. (Overseas Finance and Securities) companies.

MINES - Contd

Continuation of the Mines section.

MISCELLANEOUS

Table listing miscellaneous companies.

THIRD MARKET

Table listing third market trading data.

NOTES

Notes section containing various financial notices, company announcements, and market information.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options and 3-month call rates.



UK in throes of 'economic miracle'

BY PETER RIDDELL, POLITICAL EDITOR

BRITAIN is in the throes of an economic miracle similar to that enjoyed by West Germany in the 1960s, Mr John Major, Chief Secretary to the Treasury, said yesterday.

His optimistic assessment of the post-Budget economic outlook reflected the self-confident tone of ministerial speeches at the opening of the two-day Conservative Central Council, an annual meeting of local party officers, in Buxton, Derbyshire.

Mr Major referred to figures which showed faster productivity growth in Britain than in West Germany, the US and Japan, and a faster decline in unemployment

than in any other country in Europe. In the 1960s, he said, "we watched the German economic miracle from our sick-beds. Today, in Europe, we are the economic miracle."

American Express faces boycott

By Anatole Kalotay in New York

PITTSBURGH and Pennsylvania government employees may be swayed from using American Express charge cards and travellers cheques on official business as part of a series of unprecedented political boycotts and legal actions precipitated by the fiercely contested bid for Koppers, the Pittsburgh-based construction materials and chemicals company.

The latest defensive strategy involves a series of lawsuits and boycotts against Shearson Lehman Hutton, Beazer's Wall Street investment bank, and even Koppers' corporate parent, American Express.

The City of Pittsburgh has sued both Shearson and American Express for allegedly breaching Shearson's fiduciary obligations as a former underwriter of the city's municipal bonds.

Mr Davis Greene, the Pennsylvania state treasurer, said Shearson had gone "one step further" than any other investment bank in becoming "an equity partner in a hostile bid."

Mr Greene announced that, in addition to the city's lawsuit, the State Treasury would suspend all investment banking activities with Shearson.

Further actions against American Express, including suspending the use of credit cards and travellers cheques, were also being mooted by City and Allegheny County officials.

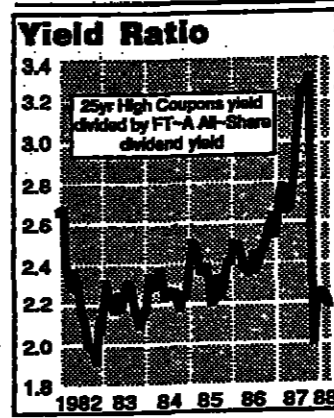
According to Mr Davis Pellegrini, the City solicitor, the local authorities have been "looking at every American Express service - we just won't use anything in their laundry list."

THE LEX COLUMN

Prudence pays dividends

As Budget rallies go, this one has been perfectly respectable. The first rush carried the FTSE through 1988 a couple of weeks ago, and yesterday's spurt took it through 1989 for the first time since the crash. It remains clear, though, that the rise had very little to do with the Budget proper, in particular, yesterday's performance was due specifically to the downward drift of sterling, and more generally to relief that the Chancellor has re-established the principle of official responsibility for the exchange rate.

FT Index rose 17.7 to 1476.8



But while sterling looks to be the chief influence on equities for the next few weeks at least, it is quite unclear which way it will go. Yesterday's retreat from DM3.10 seemed to show that the speculators are not prepared to tangle with the Bank of England over the odd pence, but that could change.

That apart, the underlying direction of equities is not clear. Long gilt yields are now around 2.2 times the yield on the All-Share - at the lower end of the range seen in the early years of the bull market, before the final inflation stampede in the earlier part of last year.

Shearson has insisted that its equity involvement is temporary - an "equity bridge loan" - but city and state officials have seized on the bank's prospective ownership of up to 45 per cent of Koppers as a conflict of interest.

According to Mr Richard Calliguri, Pittsburgh's mayor, the legal case against Shearson and American Express is based on the argument that "Shearson has breached an obligation not to do anything that would adversely affect the marketing of Pittsburgh bonds" and that the takeover of Koppers would "harm the finances and economy of the city."

Mr Davis Greene, the Pennsylvania state treasurer, said Shearson had gone "one step further" than any other investment bank in becoming "an equity partner in a hostile bid."

Mr Greene announced that, in addition to the city's lawsuit, the State Treasury would suspend all investment banking activities with Shearson.

apply. Gilt yields may move a point either way from the present 9 per cent, and inflation might go to 3 per cent or five; by comparison with the early 1980s, neither really signifies. Dividend growth, meanwhile, is bound to move back eventually to the long-run average of perhaps 2 per cent, and if the more pessimistic forecasters are right, that could be happening by the latter part of this year.

So far investors have proved equal to the handful of new issues since October, most of which now stand at respectable premiums to their - albeit much diminished - offer prices.

While the market is now firmly open again there are few signs of things picking up from this modest pace. Falling a dash by the building societies to ps status, a diet of smallish companies and a thin trickle of rights issues look like the most that can be hoped for until British Steel breaks the monopoly at the turn of the year.

The Budget makes the picture still more cloudy. If higher CGT and lower income tax create a shift from equities to bonds, demand will clearly suffer; whereas if the owners of private companies can get away with paying themselves large dividends taxed at just 40 per cent, the motivation to cash in through a flotation may be blunted.

Neither factor now seems to

apply. Gilt yields may move a point either way from the present 9 per cent, and inflation might go to 3 per cent or five; by comparison with the early 1980s, neither really signifies.

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De Benedetti sells Buitoni to Nestlé for £784m

By John Wyles in Rome

MR CARLO De Benedetti yesterday took his £1.5 billion holding company out of the food business by selling the manufacturing activities of its Buitoni unit to Nestlé of Switzerland for £1,800bn (£784m).

The acquisition will, on the basis of 1986 sales, mean Nestlé challenging Unilever as the world's top food company. Buitoni's interests range from pasta to confectionery.

Mr De Benedetti's Milan headquarters were delighted at a deal which will bring in more than 10 times the £1,800bn the financier paid for a 52 per cent controlling stake in 1965.

Nestlé is paying £600bn for Italian Buitoni's operations, £300bn for Perugia, 83 per cent owned by Buitoni; and £1,000bn for Buitoni of France. An additional £200bn will be paid in respect of Buitoni convertible debt.

The proceeds will be invested in non-food industrial projects in Italy and elsewhere and would also finance Mr De Benedetti's purchase, if not the month's deal, by the highest Italian appeal court goes his way, of the Sme food and distribution company.

Bridgestone to buy Firestone

BY IAN RODGER IN TOKYO

BRIDGESTONE of Japan, the world's third largest tyre maker, is making a \$2.6bn (£1.4bn) agreed cash bid for Firestone Tyre & Rubber of the US. The takeover will be the largest carried out overseas by any Japanese industrial company.

It exceeds the \$2bn which Sony Inc announced it would pay for the records division of the CBS television network, and adds pace to a long-awaited move among leading Japanese manufacturers to buy businesses abroad.

The deal while not immediately disrupting the world tyre industry rankings, will make Bridgestone's tyre business almost as big as that of Michelin of France, which stands second after Goodyear of the US.

Firestone said yesterday it would not improve its offer, which it had made in response to an agreement reached last month between Bridgestone and Firestone. Under the agreement, the Japanese company was to have taken a 76 per cent stake in Firestone's tyre operations for \$1bn.

In early Wall Street trading, Firestone shares jumped 31 1/2% but, at 7 3/4%, stayed below the bid price, suggesting that no rival offer was thought likely.

Bridgestone said that, following the Firestone bid, the Bridgestone board authorised new negotiations with Firestone, at the invitation of the US company, Mr Akira Yori, president of Bridgestone, said the company had ensured that its actions would be consistent with the wishes of Firestone's management.

The Firestone board has recommended that shareholders accept the Bridgestone offer. Mr John Nevin, its chairman, said the offer achieved the company's objective of enhancing shareholder values and would "add materially to the employment security and career opportunities available to the men and women employed by Firestone's existing businesses."

Bridgestone plans to maintain the Firestone worldwide tyre operations headquarters in Akron, Ohio, under the existing management structure. It also intends to continue operating Firestone's North American plants.

"Our co-operation with Firestone over the years clearly demonstrates our sincerity in this regard as well as our commitment to the tyre industry, both worldwide and in North America," Mr Yori said.

Bridgestone bought a truck and bus tyre plant in Tennessee from Firestone five years ago. Bridgestone pointed out that the plant now makes both Firestone and Bridgestone brand tyres and employment there has doubled since the acquisition.

Whether Bridgestone would now maintain the Firestone head office would be up to "the new management for the new era," the Japanese company added.

Some analysts had expected a tougher fight from Firestone, which they said would now be at a disadvantage in the highly competitive world tyre industry. Firestone shares fell £1.40 in Milan to £5.25, while earlier Bridgestone added ¥30 to reach ¥1,390 in Tokyo.

Apple files copyright lawsuit

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE Computer, the California-based maker of personal computers, has filed a landmark copyright infringement suit against two US companies in a move which may have repercussions throughout the personal-computer industry.

Apple is accusing Hewlett-Packard, a big West Coast computer and electronics manufacturer, and Microsoft, the largest US publisher of personal computer software, of copying elements of its Macintosh software programs.

Apple is seeking unspecified damages as well as a ruling to prevent the two companies from selling the contested programs.

Apple's attempt to use copyright laws to protect Macintosh is important because the personal-computer industry has widely adopted elements of the ideas incorporated in Apple's software programs.

Windows infringe several copyright programs created by Apple. These programs work in conjunction to create computer screen displays that resemble those of the Macintosh.

Apple's suit centres on the distinctive screen displays of the Macintosh, which feature "pull down menus" so the user can select functions with a "mouse" pointing device, and "icons" - or graphic representations of functions - such as files, notepads and rubbish bins.

When Apple first introduced the Macintosh computer four years ago, its screen displays and user-friendly features were seen as a radical innovation. Previously, users of personal computers were forced to learn arcane commands for their machines.

Recently, however, many of the Macintosh features have been incorporated in programs for IBM-compatible personal computers. The once unique look and feel of the Macintosh has been widely imitated, reducing Apple's competitive advantage.

Ironically, however, the Macintosh was itself derived in part from a long-forgotten Xerox computer called the Star. Apple obtained a licence from Xerox.

Apple's suit is seen as a test of the strength of US software copyright laws. Apple has demanded a jury trial for what may become a precedent-setting case on whether the look and feel of a computer can be protected by copyright.

Microsoft's Windows represents the best of moves to make IBM-compatible computers more user-friendly. For Hewlett-Packard, New Wave is an important element of strategies to increase sales of personal computers.

Hewlett-Packard said yesterday that it had yet to receive a copy of the Apple bid and has no comment on specific allegations. "We do not believe, however, that we have violated any Apple copyrights or patents," the company said.

John Crowther may be takeover target

BY ALICE RAWSTHORN AND DAVID WALLER

JOHN CROWTHER Group, which has emerged in recent years as one of the largest textile companies in Britain after a whirl of acquisitions, has itself become a takeover target.

The group announced yesterday that it had received a preliminary approach from an unidentified third party which "may or may not" lead to a takeover bid. The announcement prompted a surge in the Crowther share price, which closed 22p ahead at 175p. At this level, Crowther is capitalised at £260m.

Crowther traces its origins to the mid-19th century when it began as a woollen mill, near Huddersfield. By the early 1980s the mill had hunched into losses and was taken over by Mr Trevor Barker, a local accountant.

In 1985 Mr Barker joined forces with Mr Michael Abrahams, whose family had extensive interests in the carpets industry. Together they mounted a bid for Carpets International, one of the biggest UK carpet companies.

Dundee hopes

Continued from Page 1

on Monday at meetings between the TUC's Finance and General Purposes Committee, all the motor industry unions and the STUC.

The Transport and General Workers' Union, the majority union at Ford of Britain and one of those which has opposed the AEU's deal, will propose that the company be offered a single union agreement, but on condition that the workforce be allowed to decide which union that should be.

Were such a proposal agreed, it could have wide repercussions on the development of single union agreements. Other employers bargaining with several unions might argue that their workers, too, should be offered such hallowed facilities.

However, it is thought that the TGWU and the MSF, the general technical union which is also opposed to the agreement, will insist that wages at the plant should be on a par with wages in Ford of Britain.

Mr Ian Robertson, the Scottish Development Agency's chief executive, said the company would not accept this, as it had

decided the plant would be uncompetitive without wage rates in line with those prevailing in the electronics industry.

The Scottish TUC will argue that the only realistic prospect for persuading the company to reconsider would be for the unions to accept the AEU agreement and give an undertaking that the plant's output would not be boycotted by other Ford unions.

Senior AEU officials said the unions would only be able to mobilise political pressure on the company to reconsider its position if the unions agreed to accept its requirements.

That sa

Table with 4 columns: City, High, Low, Change. Lists various cities and their weather conditions.

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# WEEKEND FT

Saturday 19/Sunday 20 March 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Beyond the call of duty

The European Community's failure to turn itself into a real common market has spawned many a border business. Christian Tyler examines one on a trip to the Baltic and finds that it is more profitable to travel than to arrive

HERE ARE 29 of us on the coach, setting out on what must be the cheapest excursion in Europe. We have paid 4 DM (£1.50) each for a round trip by bus and boat of nearly 400 kms. Most of the passengers are working-class pensioners, wrapped up against the winter cold in woolly jumpers and coats, knitted hats and barge caps. As the coach emerges from the suburbs of Hamburg into the flat north German countryside, we get out our cigarettes, newspapers and lottery forms. Across the aisle a white-haired lady in a mauve sweater and plastic pearls has settled down to a magazine story: "Forbidden Love! Mother (57) sleeps with her son (18)."

After an hour and a half we draw near the Baltic coast and the coach pulls up in a village which smells strongly of cow dung. It is an odd place for a rest-stop: Emil Pasch's sausage factory. But just inside the door a big *froufrou* is selling coffee in plastic cups and hot dogs. To get to the lavatories we have to push past long counters of wurst, smoked ham and sliced goose breast. With every help buying the odd packet while waiting our turn in the queue.

The bus meanders on through Schleswig-Holstein down to the port of Kappeln, where we are to take ship for Sonderborg in Denmark. Actually, it is immaterial to us where the ship sails to, just so long as she rounds Buoy Four in the Bight of Kiel and drops us over the border. We shan't be on Danish soil for more than five minutes anyway - just long enough to nip through customs and find our bus, which will come round by land to meet us and take us home in the dark to Hamburg.

Our ship is not to arrive. For we are what the European Commission in Brussels calls "fiscal travellers", a conspiracy of inveterate tax-dodgers. We are not interested in the scenery. We are after duty-free cigarettes, alcohol, perfume, face soap, coffee, chocolate... or anything that looks like a bargain.

By rounding Buoy Four and putting out a gangplank in Denmark, our ship is fulfilling the minimum conditions necessary for us to ply our trade. We are fiscal travellers, and this is a *butterfahrt*, one of the many kinds of border business that have grown fat on the European Community's failure to turn itself into a real common market.

The name of our enterprise is of merely historical interest today: when the trips started, butter was the big tax-free draw. Now the shops have managed to undercut the shipboard price of butter by a few pennings. But there is plenty of scope left. Fortunately for the millions of us every year who cross frontiers simply in order to exploit the sales tax differentials between countries and the duty-free concessions, the bureaucrats in Brussels draw no distinction between genuine travellers and fiscal trippers, so most of the people on our bus make the journey at least once a year. A third do it every single day, summer and winter alike, stocking up for themselves, their families and friends. Some are so well known to the bus drivers and ships' officers that they even get presents on their birthdays.

Of course, the trip is part of the fun, especially if you are old, lonely and relatively poor. "For the pensioners it's better than staying all day in front of the television," explained Peter Rahr, a printer's platemaker on our bus who spends DM 50 on his weekly journeys, a typical outlay. "You've got the fresh air and the breeze."

The granny in the mauve jumper puts down her magazine to confess that she travels twice a week and spends up to DM60. Apart from alcohol and cigarettes, she goes for chocolate. "It's not that cheap, but it's very good," she said.

On this side of South Jutland alone there are about 20 "butter boats" ferrying West Germans to Denmark and Danes to West Germany on twice-daily duty-free shopping jaunts. The Germans come from as far afield as Braunschweig and Hannover under the Harz mountains. Some hardy Danes (until their government intervened last year to decimate the travellers' allowance), have been round-tripping all the way from Skagen on the northern tip of Jutland, a 18-hour journey of over 800km.

The shipping lines, usually registered in West Germany but often sailing under the flags of Panama or Liberia, make their profit entirely from duty-free sales, with mark-ups of 40 or 50 per cent on luxury items.

They pay travel agents and coach companies an average DM 15 for each passenger they deliver to the quayside. They may have to pay more if the traffic shows signs of flagging. The ticket price is, of course, purely notional and can drop to virtually nothing at times of severe competition.

"It's not the easiest way to make money," said one ship's officer with long experience of the trade. "But some doctors say if it were not for these boats the waiting rooms would be jammed with people."

In summer the "butter boats" are full, but many of their passengers make bad customers. They are tourists, not serious fiscal travellers, and do not spend enough to earn their passage. Only in winter do you get the hard core. When the weather turns really cold it can be difficult to lure even the regular spenders from their fire-sides, so the "butter boats" put an electric organist on board and clear a space for dancing; they lay on bingo, card games, or a stand-up comedian.

It is not clear whether Brussels regards the "butter boats" as completely legal. In the early days, the ships simply went out to sea, sold produce and returned to port. That was outlawed by the Bonn Government. However, an opinion of the European Court in November 1983, suggested that by docking in Denmark, the boats put themselves in the clear. The passengers, it cautioned, should have time to visit the Danish shops. But watching the constant cavalcade of buses roaring up and down the narrow quay-side of Sonderborg, it would be hard to claim that the stricture is being observed. According to the Danish authorities, there is a concession whereby West Germany promises to reduce the number of boats, and the Community turns a blind eye to the remainder.

Legal or not, the boats are just one manifestation of a lively trade. The border between West Germany and Denmark positively hums with fiscal traffic. Danes flock south by car and bus, mainly to buy petrol and to do their household shopping in West Germany, where lower VAT rates and excise duties make almost everything cheaper. They spend an estimated DM 1m a day in the 20 supermarkets that have sprung up along the frontier.

At the principal land crossing just north



Paul Slater

of Flensburg, border baron Edith Toffer takes DM 80,000 a day from his hotel and two shops. Late into the night Danish motorists can be seen at Mr Toffer's pumps, filling up their tanks and spare jerrycans with high octane petrol at 99 pennings a litre, two-thirds the price they would pay on the other side. The pumps, it is said, are set at a price that Danes can only get their full EC travellers' allowance of spirits and cigarettes if they stay longer than 48 hours out of the country. Mr Toffer encourages them to do so. He has provided an ice-rink and bowling alley, swimming pools at blood heat, sauna baths and whirlpools, and coffee-sized sunlamps for toasting human flesh. So fast and furious has the trade become

that the Danish Government rewrote the rules last year, in alleged contravention of EEC law. For example, it has stopped its citizens from buying their consumer durables across the border. Danish retailers had started opening satellite branches on the other side, devising a system whereby you could order your television or fridge in Denmark, then drive a few miles into Germany to collect it. Now there is a law to prevent the importation of goods "not normally bought by travellers."

This short-run regime has not interfered with everyone's fun. Danish pensioners still take daytime boat trips in order to buy sugar - an excisable commodity in

health-conscious Denmark. At night, it is the turn of the students.

Sonderborg is a student town. Among its colleges, with a population of nearly 3,000, is a military academy attended by the royal princes. When classes are over, the students climb aboard "spirit boats" for booze cruises across to the West German coast. In that time they can put away enough duty-free alcohol to merit the attention of the local police and the national television cameras on their return.

"A lot of these students are from mid-Jutland and are not used to cheap drink," said Tommy Nielsen, a manager of the R.H. Rasmussen Inn. "Some of them have even ended up in hospital." He claims that things have improved since the company employed "bumbers" and started scrutinising passports to make sure students are of drinking age. He maintains that students will drink whatever the coast, and it is not the shipping companies' fault if they get disgustingly drunk. The local council, pressed by the police, has banned some of the floating disco parties, brought forward departure times, and built a new jetty for booze cruises away from the town centre.

However, what really irks the sober Danes is how little border cash flows their way. Sonderborg receives over 1.5m German visitors a year, but not many stay more than a few minutes. The neighbouring village of Gæsteborg gets almost a million, with equally little to show for it.

Local shopkeepers do manage to sell some furniture and food specialties, and until quite recently diesel fuel was cheaper in Denmark than in Germany. But the differential has been wiped out by the inexorable advance of Danish tax rates, the incoming traffic has fallen away and the numerous filling stations on Denmark's side of the border are now reduced to selling salami.

Sonderborg hosts a modest trade in weddings which are especially popular with West Germany's GI brides. Mr Alfred Krogh Petersen, the town's Labour mayor, performs about 300 "quickie" marriages a year, for which two nights in a Danish bed is the principal qualification. But nuptial receipts are small return for the huge outflow of Danish household spending. Even this mayor finds himself in some difficulty when asked if he is a regular cross-border shopper.

Mr Hans Michaelson, proprietor of the Favor groceries supermarket in Sonderborg, estimates that his turnover is 10 per cent lower than that of a comparable shop in Copenhagen. He says his net margin has been driven down to less than 2 per cent. "Prices in West Germany, because they are expressed in Deutschmarks, seem even lower than they really are," he complained.

Mr Michaelson and his fellow retailers have been lobbying the Danish parliament for tax reductions on the "magnet" goods that they say account for 6m Krone a year of Danish imports. "The trade committee of the Folketing (parliament) came here

secretly to study the effects of border trade," he said. "But I'm afraid the politicians don't dare tackle the problem."

If they don't dare, it is because Denmark's welfare system can ill afford the tax cuts necessary to bring the country into line with its large neighbour. It would cost the Exchequer about 4.5 per cent of Gross National Product if Denmark were to reduce its indirect tax rates to the levels proposed by the Brussels Commission in its recent proposal for broad EC harmonisation.

Nor can the Government easily raise the revenue elsewhere. According to officials, income tax, already the highest in the Community, would have to be raised another 13 percentage points to make the good the deficit.

The Danish Government will be one of the last member states to swallow tax harmonisation. Meanwhile, it has tried to wriggle out of its problems by exploiting a loophole in EC law and cutting its citizens' travel allowances to the level they would be allowed if they all lived on the German frontier. "We argue that even if these people who go on organised shopping trips are not border-dwellers, they are behaving as if they were," said a ministry official in Copenhagen.

It is a nice point, but one which seems unlikely to sway the European Court when it hears the cases brought by the Commission against the state of Denmark.

Denmark is not the only EC country to suffer from fiscal traffic. It is such the same story at other EC borders. There is, for example, the notorious village of Marlsange on the Belgium-Luxembourg frontier, where the Belgian side of the street is houses and the Luxembourg side is all filling stations, selling petrol at a 25 per cent discount. Irish citizens spend huge sums in shops and garages in Ulster, especially at Christmas.

Cross-border shopping is more than a compulsive habit of housewives or a minor irritation for retailers. It is more than a budgetary nuisance for high-taxing welfare states such as Denmark and Ireland. It looks like becoming a large European problem. Fiscal travel is one of the highest obstacles to the Community's ambitious goal of "completing" the internal market by scrapping all border checks in time for the deadline year of 1992.

The job of frontier officials is not just to catch criminals or stop the spread of rabies and other pests. Most of their time is spent preventing the wholesale avoidance of tax on goods. It is up to them to enforce the travellers' allowances which limit the extent to which ordinary citizens can escape their fiscal obligations to their own governments.

The Eurocrats say that in order to achieve free movement of goods, the internal frontier and to create a Community that feels like a free market, customs checks will have to be abolished. But, if they are abolished, there will be a huge increase in cross-border shopping. Therefore, the EC member states must remove the fiscal traveller's incentive by bringing tax and duty rates into line.

Logically, the duty-free allowances will have to go as well. If the EC is to become one big home market, we can claim to be going abroad when we fly from London to Paris or from Düsseldorf to Naples, let alone when we take the boat from Kappeln to Sonderborg.

If Brussels gets its way, the floating supermarkets that ply the Bight of Kiel will be sunk with all hands. It is estimated that up to 5,000 West German transport workers would lose their jobs. The border supermarkets would shut. Danish students would get on with their work. But a lot of frustrated pensioners could end up in their doctor's waiting room.

### The Long View

## That sacred cow called pensions

IN THE LONG run we are all dead; but first we hope to collect a pension, with the kindly help of the tax man. That assistance now appears to be secure. In the wake of Nigel Lawson's Budget the pensions industry can breathe freely once again: the days of potentially dangerous tax reform are over, at least for the duration of this parliament, and an inviting period of growth lies ahead.

Last year, the possibility was of serious restrictions on personal pensions, but the imposition of the £50,000 limit on cash lump sums was less than crippling. This year, the Chancellor might have disallowed relief against higher rate income tax but passed up the opportunity. The cut in the top rate itself reduces the appeal of pensions as tax shelters for the rich, but by no means eliminates it.

It is, on the face of it, surprising that a radical Conservative Government has failed to take more of an axe to the pensions industry. It represents precisely the kind of institutionalisation of savings that Thatcherism is supposed to be against. While there might be £500m in Personal Equity Plans, Lawson's individualised tax shelter, there is more than £200bn in company pension schemes alone.

In fact, the Government's energy has been focused on cutting the state system called Serps (State Earnings-Related Pension Scheme) down to size. The process of privatising pensions has, however, served to proliferate the choices and make the system ever more complex.

Let us take the random example of say a journalist with a reasonable level of freelance income. He can now have three different pension arrangements - his company scheme, a private plan covering at least 17.5 per cent of his Schedule D income, and a free-standing additional voluntary contribution (FSAVC)



**The only certainties in life are birth, death and taxes. Perhaps, says Barry Riley, we can add pension tax relief and commutation rights to that list**

One obvious way of encouraging people to save for their retirement is to offer them tax relief on various conditions. With the carrot comes the stick. Pension arrangements can be restricted, so that people cannot dip into the pot before retirement age. Moreover, they can be required to take the proceeds of the plan as income, so that the tax on contributions is not so much relieved as deferred.

So far so good. But there is a basic flaw, in that the poorer people who most need support in their old age are the least likely to be interested in pension arrangements. Hence the compulsory nature of Serps (and the alternative contracted-out company schemes). Personal pensions are unlikely to make much impact in the lower half of the income spectrum, partly because it is not worthwhile for intermediaries to try to sell low-value plans.

In contrast, the really eager purchasers of pension plan opportunities are the wealthy, encouraged by their financial advisers who can gain fat commissions at this end of the market. But why is the state encouraging the rich to provide for their old age? Surely they could look after themselves, given a reasonably low top rate of tax? This section of the population has also gained enormously from the capital appreciation of houses, another form of investment enjoying a huge tax break.

The middle is increased by the persistence of the anomaly that retiring beneficiaries are allowed to take part of their entitlements in the form of a tax-free lump sum. An occupational scheme member can take 1.5 times his final salary in this way, while a personal plan-holder can commute 25 per cent of the fund.

Besides destroying the tax symmetry of pensions, this entitlement has spawned various devices, notably the increasingly popular pension mortgages which are beginning to become available to occupational scheme members as well as people with self-employed personal plans.

The lump sum goes back to the early days of civil service superannuation when colonial officials returning from India or Rhodesia needed a cash sum to buy their retirement cottages in the Home Country. In this sense, the pen-

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MARKETS

Off one tightrope and onto another?

"ACTIONS," remarked Chancellor Nigel Lawson sagely, in one of his innumerable interviews this week, "speak louder than words."

currency considerations in the shape of a surging pound. Then, on Thursday, action took over. Down clattered base rates by half a percentage point, to 8.5 per cent, and up went the market's spirits.

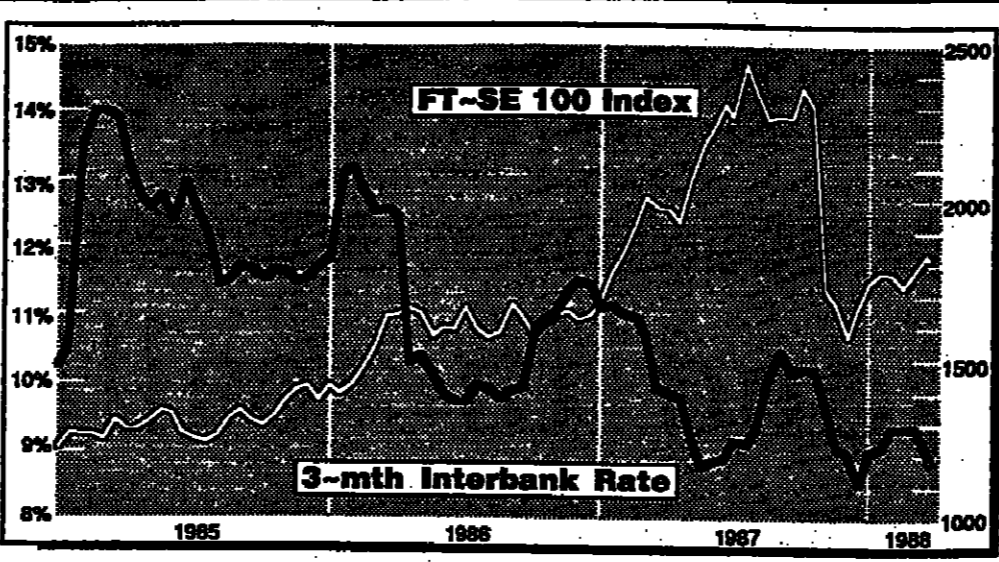
If that was prudent action in February, there are grounds for arguing that it would be still be prudent today. Buried in the wealth of statistics last week were Department of Employment figures showing that earnings in January continued to rise at around 8.5 per cent a year - well in advance of inflation.

London

True, there were the tax cuts - worth a net £4bn-plus and somewhat higher than expected. But, there again, the Chancellor was able to talk about a "public sector debt repayment" - a PSBR surplus to everyone else - of £3bn in 1987/88 and hold out a similar prospect for the following year.

burst on Wall Street and signs of slowing banking lending growth at home, sent it motoring. By Friday's close, Footsie stood at 1,886.5 - a gain of 21 points on the Budget account and its highest level since October.

All of which should be good news, especially since trading volumes remained at above healthy levels with SEAQ showing 400m-500m shares traded daily. Yet, if analysts and dealers alike ended the week feeling battered and a touch bewildered, they could scarcely be blamed.



around the DM 3.097 level - with DM 2.10 seen as the new cap - and standing at 1.8825 against the dollar. All of which prompted a few commentators to wonder if the authorities hadn't simply leapt off one tightrope, running between recession and inflation, and on to another.

COMPANY NEWS SUMMARY

Table with columns: Company, Value of bid, Market price, Price rise, Value of bid, Market price, Price rise. Includes companies like British Telecom, City Merchants, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Profit, Dividend. Lists companies like Adnams, Alliance Tr, Applied, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Profit, Dividend. Lists companies like Armstrong Equip, Arrol-Johnston, etc.

RIGHTS ISSUES

Compact Holdings are to raise £2.4m via a three-for-five rights issue at 35p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

HF-Tec are heading for the main market via an offer for sale this summer.

Country living gets a convert

POST-Budget, post-crash, the Unlisted Securities Market battles on, standing at an historically small premium to the main market of 9.5 per cent.

HIGHLIGHTS OF THE WEEK table with columns: Price, Change on week, 1987/88 High, 1987/88 Low, Firm after overall week.

MMEC more or less doubled its property portfolio with the acquisition of six properties last year from London Securities.

Junior Markets

Selladale's main project last year was Unity Wharf, a disused warehouse near London Bridge which has been converted into residential and office accommodation.

the world, Ian Hutcheon, the chairman and managing director, argues this would make it hard for competitors to break into the business.

It seemed a bit cruel to ask Hutcheon, clearly the key force in the company, about his age (64), particularly as he looks pretty healthy.

P&O looks to £260m pre-tax

CONTROVERSY mixes with concern and the pedestrian in next week's list of results due with corporate events including the economic until next Friday when the UK balance of payments and the retail price index for February are expected to hold centre stage.

Meanwhile, controversy riles in discussion of the BURTON GROUP. It is expected to lift profits by 18 per cent this year and to report a rise from £92.2m to £105m at the half-way mark, again on Tuesday.

The DTI inquiry into the Debenhams takeover is not helping the controversy over chairman Sir Ralph Halpern's management style to settle down.

Results Due section listing companies and their results due dates.

William Cochrane section discussing company news and market movements.

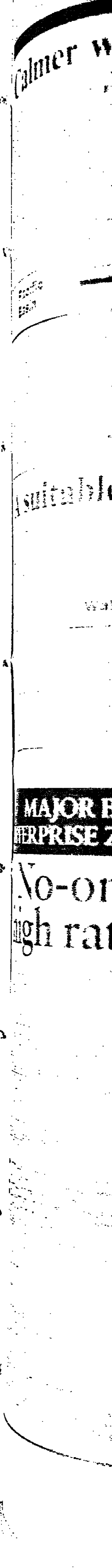
RESULTS DUE THIS WEEK table with columns: Company, Announcement date, Dividend, etc.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Quoted rate, Compounded return for taxpayers at, Frequency of payment, Tax, Amount invested, Withdrawals (days).

HEATHER FARMBROUGH

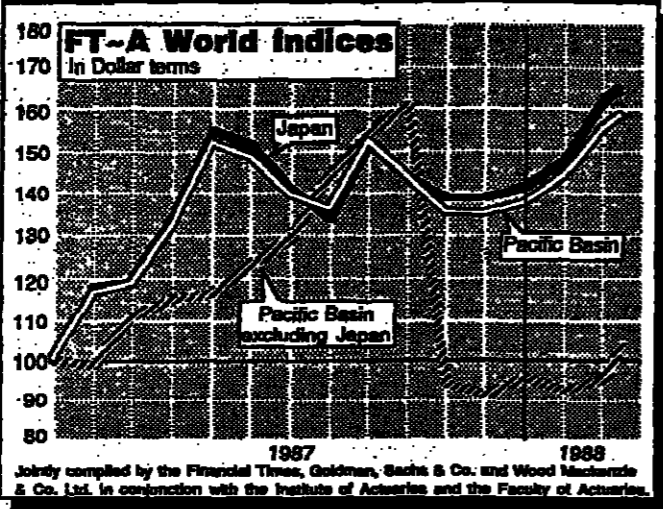
Heather Farmbrough section providing commentary on market events and company news.



MARKETS

Calmer waters tempt investors back to Pacific

EUROPEAN AND American investors are returning to the stock markets of the Pacific. It remains to be seen whether this represents - like Samuel Johnson's description of a second marriage - the triumph of hope over experience.



Pacific Basin

Heavily overcommitted to the smaller markets of South East Asia and Australasia, they were at the same time underinvested in Japan - now the world's largest market in terms of capitalisation.

ing on relationships such as those between share price and earnings which on the face of it were outrageously out of line with other big markets, scared them away from the Japanese market.

may suggest to the cynical that the Tokyo market's extraordinary performance - the Nikkei index topped 26,000 yesterday for the first time since October 16 - is at an end.

their new strategy. Investors will not quickly forget that many Pacific markets became almost untradeable during the crash, and that one - Hong Kong - actually closed.

Before October, the illusion of liquidity encouraged many foreign institutional investors to switch huge blocks of shares from one market to another, often "buying the market".

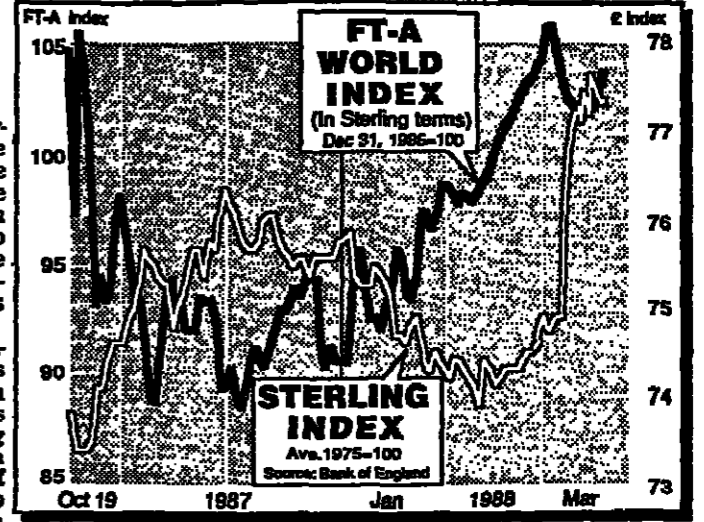
"These days, says Mr Shenfield, 'Disciplined stock picking is now much more essential than aggressive market switching'.

Table titled 'FT-ACTUARIES WORLD INDICES' showing percentage changes for various countries like Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, S Africa, Spain, Sweden, Switzerland, UK, and USA.

expansion is providing the opportunity for a restructuring of the Japanese economy. Attempts are beginning to spread some of the benefits of the country's growth to regions outside Tokyo, to allow the Japanese to enjoy more leisure, and to ensure that corporate and institutional wealth is shared by individuals.

This shift provides opportunities for new companies, and has indeed in recent months been accompanied by a new listings surge. Foreign investors moving into the market so far have been concentrating on the shares of smaller companies in the Tokyo market's second section, often ignoring the previously favoured blue-chip and big capitalisation issues.

These companies, say fund managers, offer both price-to-earnings ratios with which a westerner can be more comfortable, and the prospect of continued growth, even in the face of rising interest rates and a fall in the Nikkei index.



With the prospect of earnings growth of 13 to 15 per cent this year - growth in manufacturing earnings could be 20 per cent - Japan also offers some decoupling from the US economy and from Wall Street. While Tokyo could not insulate itself entirely from a collapse in US stock market confidence, it will not catch a cold if New York sneezes.

Not so the rest of Asia and Australasia. It is true that exports to Japan from the rest of Asia have been growing sharply over the last year, but this growth is from a very low base.

A suitable case for treatment

IF EVIDENCE were needed of the uncertainty in US financial markets, last week provided it.

various derivative contracts yesterday in the so-called "triple witching hour". Their purchases of stocks late on Wednesday caused a 20-point jump in the Dow Jones Industrial Average in 30 minutes, but this roller-coaster move - like the 40-point drop two

Wall Street

Professional investors who interest themselves in such things as trade balances, economic growth and price stability did nothing until Thursday, when the trade report for January was published. For the first three days of the week, turnover in stocks was low, only just exceeding 150m shares on Wednesday.

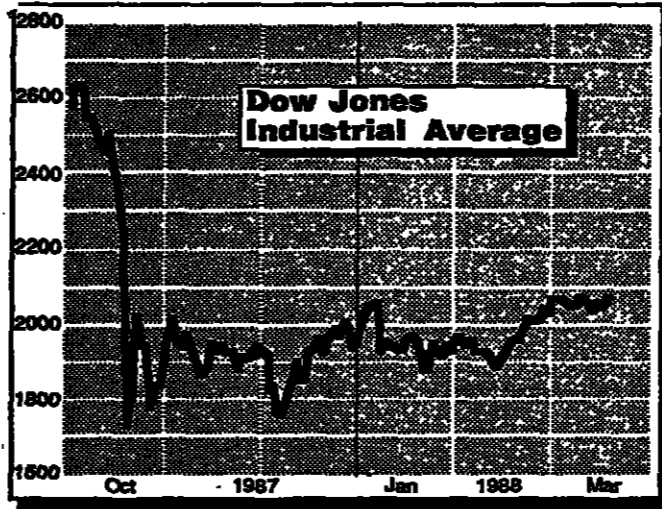
On Thursday, the trade report appeared and the general investors went back into the market in force. It was not that the trade figures were particularly good: the deficit actually widened a little, to \$12.44bn. Exports came down. But that may have been just a seasonal feature, and

imports were also down a handy 6 per cent. January was also the third month in a row without deterioration. Most important, the whole trade issue will be out of the way for a month.

Trading volume on Thursday jumped to 212m shares and the Dow hauled itself up 21.72 points, to 2688.04, the highest level since the market crashed in October. The Dow has been around this level before, at the end of February and on March 8. Both times it slipped back as institutional investors seized the opportunity to reduce their holdings of the big-capitalisation stocks in the index. Through the market has spent two months above the 2,000 level on the Dow and seems to be comfortable there, it is having inordinate difficulty proceeding to 2,100, let alone the 2,300 which was its last perch before the crash on October 19.

One obvious problem is that the market looks so unhealthy. The remaining issues are not the high-quality, relatively predictable companies of the Dow, but second-line issues, speculative stocks and takeover and restructuring "stories".

But another way, IBM, the biggest capitalisation stock in the market, is trading at a third below its level on August 25 last year, when the Dow was at 2,722. But a whole host of smaller companies are actually above the August 25 level. Among these are



some genuine industrial recoveries, such as Bethlehem Steel and Deere, which have restructured their operations and look poised to reap big rewards out of a devalued dollar. But the majority are stocks whose price has soared to recognise the premium a buyer will pay in a takeover. These stocks included Alberto

Culver, Loctite and Hilton Hotels. The two most successful stock market sectors have been those which are being reshaped by takeover: textiles, where there has been an auction for J. P. Stevens, and tyres, where Firestone has been on the bid block. Both sectors have outpaced the broad market by over 25 per cent this year.

Wall Street investment bankers say the takeover business is generating the work and fees they thought went out last summer. The chief difference is that the current takeover boom is largely being generated by foreign industrial companies, seeking to buy US market shares with strong currencies. This stimulates large US companies to intervene to protect their markets, or the companies themselves go private in a leveraged buy-out. The result: rising stock prices.

Bids by Campeau of Canada for Federated Department Stores and Beazer of the UK for Koppers have both finished out counter-

fers. Also last week, the market convinced itself that Nestle of Switzerland would buy Pillsbury - at least until Nestle bought Brittom of Italy on Friday. But Wall Street's wildest dream came true in the battle for Firestone, where two foreign companies, Bridgestone of Japan and Pirelli of Italy, proved so keen to break into the US tyre market that they were ready to slug it out.

Unfortunately, a market that is sustained by the quick fix of takeovers needs ever more and bigger doses to satisfy it. If the Dow is to proceed to its pre-crash levels, it will need more healthy sustenance, such as an improvement in earnings or a fall in interest rates. Conversely, any signs that the export boom is tapering off could reveal the market's weak underpinnings.

Table showing stock price changes for Monday, Tuesday, Wednesday, and Thursday.

Advertisement for 'MAJOR BUDGET BOOST FOR ENTERPRISE ZONE PROPERTY TRUSTS'. Headline: 'No-one should pay high rate tax this year'. Text describes tax benefits and provides contact information for Colegrave Johnson Fry Ltd.

Advertisement for Fidelity Investments. Headline: 'MORE MONEY IN YOUR POCKET? Make more out of the Budget with Fidelity'. Lists various funds like Fidelity Income Plus, Fidelity Special Situations Trust, and Fidelity Moneybuilder.





THE BUDGET AND YOU

# £500,000 limit rocks BES

SO, FAREWELL then BES as we knew it. Nigel Lawson's axe has fallen, although he has since softened the blow slightly.

In Tuesday's Budget, he announced a limit of £500,000 on the amount a company could raise in any one financial year. This took effect from midnight that day, the only exceptions being ship-charters and the newly-qualifying area of residential property-letting. The result was a flood of applications to beat the deadline, with sponsor Johnson & Fry taking £500,000 by midnight.

The £500,000 limit will alter the nature of BES investment dramatically, ending the domination of the scheme by large prospectus issues for single companies.

It also changes the role of the sponsors considerably. It makes little sense to sponsor a £500,000 issue for a 5 per cent fee. Nor, for that matter, will any company that small find the costs justifiable. Indeed, the Government is trying to adjust the previous limit of the scheme, which was in favour of large companies, towards smaller ones.

The £500,000 limit came as more of a shock to the BES world than the decision to cut top tax rates which will also reduce the attractions of the BES to investors. The gearing effect of the tax relief available has made the scheme most attractive to the highest taxpayers. Post-Budget, however, investors may reflect that lower tax break is better than none at all.

The new limit, and the introduction of residential property-letting into the scheme, will have a dramatic effect on the type of investments available. The initial reaction from independent advisers was hostile. "The limit is much too low," said Steven Rowe of BES Investment Research on Tuesday. "It will take a lot of money into the residential property market which would otherwise have gone into genuine businesses."

By Wednesday, Rowe obviously was feeling better. "We welcome the changes that the Chancellor has sought... the direction the BES has been taking has been getting further and further away from the original concept," he said in a press release.

Meantime, there was an outcry from companies which were in the process of raising more than £500,000 - and had already paid for the issue. Indeed, the total sum sought might well have been as much as £25m. This prompted



## Less to pay

THIS WEEK'S "radical, reforming" Budget contained a number of small print implications for British expatriates.

The good news concerns inheritance tax, to which non-residents are liable unless they succeed in the onerous task of changing their domicile. The introduction of a single inheritance tax rate of 40 per cent, coupled with a raising of the threshold to £110,000 means that, on an estate of £500,000, the tax liability is reduced by £48,000 to £156,000.

The bad news for expatriates is the decision to scrap non-charity deeds of covenant. The traditional tax break associated with deeds of covenant was especially useful for expatriates who, unlike their UK resident counterparts, could covenant money to UK resident minor children as well as those over the age of 18, provided they had a source of income taxable in the UK.

David Young, the managing director of International Tax and Investment Planning, cites the case of a retired Royal Navy officer working for the Sultan of Oman's navy and receiving an RN pension of £4,000 a year. Someone in his position could

government £2,000 net to each of two UK resident minor children in such a way that the children get the benefit of their father's pension tax-free.

An area to which expatriates planning to return to the UK should pay increased attention is "bed and breakfasting" arrangements to shelter capital gains. Such planning has always been important for expatriates and is now even more vital, given the Chancellor's proposal to apply capital gains tax at marginal income tax rates; that is, as high as 40 per cent instead of the previous flat 30 per cent rate.

Turning to the broader implications for expatriates, it might come as a surprise to learn that the UK is now positioned firmly among the lowest tax regimes countries of the industrialised world. British expatriates working in areas of low or no tax, such as the Middle East, are probably better off staying put, even though the difference in their take-home pay will have been eroded.

However, for British expatriates working in some European countries, the benefits are now balanced finely. Leslie Livens, an international tax specialist at chartered accountants Moores & Rowland, says: "Some lower-paid expatriates must be in two minds as to whether to stay outside the UK."

Conversely, he forecasts that the UK is fast becoming what he calls an "expatriate Mecca" for nationals of other countries, particularly those of Scandinavia, where income tax rates remain high.

However, straightforward country comparisons of salary tell only half the story. According to research undertaken by P-E Inbanon, some expatriate fringe benefits put UK salary add-ons to shame.

**Peter Gardland**  
Peter Gardland is editor of The Internationalist, the FT magazine for British expatriates.

# How to spread the wealth

Richard Waters finds some scope for dispute with the Revenue over realising capital gains



IT'S DIFFICULT to keep hindsight out of a valuation," warns Hugh Blakeway Webb, a barrister with Deloitte Haskins & Sells. Later events which affect the value of a private company, for instance, often get tangled up with the valuation at a given date.

The Budget might have thrown up one CGT loophole. Trustees pay CGT at 25 per cent, suggesting that top-rate taxpayers can reduce the impact of the tax through the careful use of trusts. But the actual scope for such planning will not be known until the details of the Finance Bill are revealed.

The second planning consideration concerns income tax. With tax rates falling, income should be deferred until the next tax year wherever possible, while tax-allowable expenses should be brought forward.

For individuals, tax-efficient investment is the most obvious way of reducing this year's tax bill. Investments in woodlands, Business Expansion Schemes and industrial buildings in enterprise

this (and few do) should consider making an additional voluntary contribution before the end of the tax year. As with the BES, for every £10 of net income put into a scheme by a top-rate taxpayer, the Revenue contributes £15. Next year, the Revenue's contribution will be just £5.65.

Partnerships and the self-employed have more options open to them to incur costs which reduce their tax bill. Tax-deductible business expenses should be brought into the present tax year where possible.

The other side of the coin, deferring income until after April 5, is more difficult. Again, businesses have more scope, for instance by delaying issuing invoices. This, though, is getting rather close to tax evasion and is likely to get short shrift from the tax inspector.

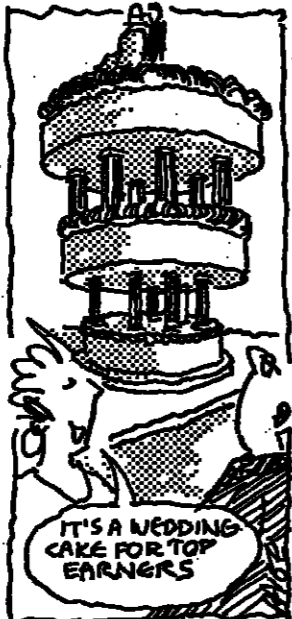
More properly, a private company could delay making a discretionary bonus, or put off declaring the payment of a dividend, until after April 5. The tax treatment of the dividend payment depends on the company's accounting year-end, professional advice should be sought on this subject.

Employees hoping to get a cash refund of their pension contributions by changing jobs may lose the right after April 5. At present, people with up to five years in a job can take a refund when they leave (although some companies' pension schemes are already more restrictive than this legal maximum). The maximum is to be changed to two years. Employees with more service than this will have to take a personal pension scheme.

This might seem a weak excuse for changing jobs before April 5; but some women who work part-time, and have banked on their husbands' pension entitlements to keep them going in retirement, may feel it is worth moving now.

## Younger investors lose out

Kevin Goldstein-Jackson finds that those showing enterprise won't inherit the earth



MY WIFE'S first reaction to the Budget was to think about buying a new Mercedes, on the ground that Mercedes might have to cut its prices now that the increase in tax on company cars will probably mean fewer sales. I am glad I do not have any shares in car firms - although car auctioneers should do well as people trade down to smaller cars or buy their own.

The news that married couples will be taxed separately on all income from 1990 is welcome and long overdue. This will certainly encourage my wife to buy more shares. The changes in capital gains tax are rather disappointing. The complicated indexation allowances for gains made after April 1982 still remain. The proposal to exempt from tax that part of the gain which accrued prior to 1982 seems rather unfair: not all the pre-1982 increases in value were due to inflation.

The change seems to discriminate against younger investors, particularly as capital gains will now be taxed at people's marginal tax rates and the exemption limit on capital gains has been reduced from £5,500 to £5,000.

This, together with the inheritance tax changes, means that people who have inherited shares, money and other assets, and have done nothing enterprising with them, will reap greater rewards than many of those who have created or helped to expand businesses and inherited nothing. For a Government that is meant to be promoting "enterprise and initiative," this is somewhat surprising.

Neil Kinnock's remark on the Budget - "Don't get mad, get even" - implies that, if there is a change of government, the people who have benefited from these Budget changes will be taxed at a punitive rate. I am, therefore, interested in buying shares in small, public-quoted companies which have large family shareholdings. Many of them will be ripe for takeover as members of the families rush to cash in their

pre-1982 shareholdings as soon as they can, just in case their tax situation changes.

The increase in the PEP annual investment limit from £2,400 to £3,000 is useful and my wife and I will certainly be increasing our PEP investments.

The changes in the BES rules are interesting. I would certainly be attracted to a BES investing in private rented accommodation. To ensure that such schemes genuinely help to revive the private rented sector of housing, I hope that the Chancellor will see that there are reasonable limits on the individual values of the property acquired for such purposes; otherwise I can envisage BES companies simply acquiring properties in areas like Mayfair and renting them out at high rates, with investors making large gains on the increase in property values rather than the letting income.

The reduction to £500,000 as the amount that any company can raise for itself under a BES scheme in any one year means that even more go opportunities for the private investor will be restricted to those "in the know." Already, the private investor suffers, with many non-BES companies making private placements of shares with institutional investors and their wealthier private clients, rather than having a public offer.

Thus, although the Budget as a whole has much to recommend it, I hope that Nigel Lawson is still Chancellor next year so that he can introduce some radical proposals to encourage the ordinary, younger, private investor who has not inherited any

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### THE BUDGET AND YOU

William Cochrane analyses tax changes to maintenance payments

## The taxman rends asunder

SOME OF the rich are going to get soaked, according to Mr Lawson. He said in his Budget speech that his new maintenance arrangements for people going through separation and divorce will reduce the tax relief which can be obtained by the better-off who are now paying large amounts of maintenance, while not affecting most.

In fact, divorced couples where the payment is low and the recipient has another income will actually benefit from the changes. The only question will be how they agree to share the tax benefit between them.

Different rules will apply to existing maintenance arrangements, and those made after Budget day. "Existing arrangements" are:

- court orders made before March 15 1988, or applied for before that day and made by June 30 1988 (a gentle nudge to a lawyer to speed up these orders may be called for);
- maintenance agreements made before March 15 (provided that a copy of the agreement has been received by the Inspector of Taxes by June 30, 1988); and
- court orders or agreements made on or after Budget Day which vary or replace such orders or agreements.

The recipients of these payments, who currently pay tax on them, have been given an unexpected windfall: the first £1,490 a year will be exempt from tax from 1988-9 onwards (this does not affect their right to a single person's allowance of £2,605).

The payers, though, will find their tax relief eroded in the years ahead. In 1988-9, they will continue to get full tax relief, but in later years, they will only get relief on the amount they paid in 1988-9. This means that as payments rise, the proportion that qualifies for tax relief falls.

Anyone receiving maintenance under post-Budget arrangements, meanwhile, will not pay any tax on the payments. The payer will get tax relief up to a limit of £1,490 for 1988-89. The Treasury says that, on present experience, this limit will more than cover the majority of payments to ex-wives and ex-husbands.

What the Chancellor, the Treasury and the Inland Revenue do not seem to take into consideration is that, in middle income families divorces, much higher living expenses will now have to be sliced from a cake which, initially, seems to get smaller and smaller. The payer of maintenance supports not only the same

number of people, but also a second home. Perhaps divorced parents have been coddled until now, though few of them are likely to admit it.

The big decision for people already making maintenance payments will be whether, and when, to opt into the new tax regime (something they are allowed to do under the new rules). This is because of the declining tax benefit on payments which rise in future years.

Also, it is likely that the £1,490 tax-free allowance will be increased in line with other personal allowances. Sooner or later, if the payer opts into the new system (taking the recipient out of tax), the joint tax position of the couple will be improved. That

raises an interesting question: the payer has the option, but the recipient gets the direct tax relief. How do they share the benefit? It sounds like a recipe for divorce, if they weren't already.

For those who come later, the after-tax effects of maintenance payments will be very different from those under the present system. It would be as well to bear this in mind when negotiating divorce settlements to adhere to the sort of before-tax maintenance payments currently being made could leave payers far worse off, at the expense of the recipients. This is also a consideration that the courts will need to consider, though no doubt they already take tax effects into account when fixing a level of payment.

Other maintenance agreements made after Budget Day 1988, including payments to children, will not qualify for relief. Until now unmarried, divorced and separated parents have been able to reduce their liability to tax by making maintenance payments under a court order directly to their children. The parent has had tax relief on the payments, while the children have set their personal allowances (of up to £288 per child per calendar month) against the income; so the children paid tax only at the basic rate.

The Inland Revenue argues that married couples cannot reduce their tax liability in this way; that payments which they make to their children, living with them, remain the parents' income for tax purposes. This, says the Revenue, means that the parents do not get tax relief on the payments and that the children are not taxed on the money which they receive.

## PEPped

PERSONAL EQUITY Plans (PEPs) received a mild boost in the Budget, with the maximum one can invest being raised from £2,400 to £3,000 a year. The amount which can be allocated to a unit or investment trust is raised from £420 to £540, or 25 per cent (up to £750) of the total investment. The changes apply immediately, so you can "top up" any PEP plan already taken out this year.

The change in capital gains tax, with a higher top rate and a lower exemption level, will make PEPs additionally attractive to the wealthier investor. In contrast the cut in income tax rates will make PEPs less appealing if you make capital gains of below £5,000.

Leading PEP plan managers gave the increase a lukewarm welcome. Derek Booker, of Lloyds Bank, which sold by far the highest number of PEPs in 1987, said the rise in the maximum permitted investment



would do nothing to broaden the appeal of PEPs to the "man in the street."

Ian Lindsey, of Save & Prosper, said that the Budget proposal appeared to run completely contrary to the Chancellor's ambition to create a mass market for PEPs. Standard rate taxpayers would benefit less from the tax-free concessions, while the wealthier would "do a damn sight better."

John Edwards

## Plan to ensure years of wedded bliss

TAX PLANNING for husbands and wives is back with a vengeance, says Mr Roger White, head of tax at Peat Marwick McLintock, the UK's largest accountancy firm. He might have added: but not till 1990.

Two new rules will prompt the need for careful planning in the future. The first will tax married women separately on their investment income for the first time, while giving them their own single person's allowance against all income (£2,605 in 1988/9).

The second will allow husbands and wives a £5,000 allowance each against capital gains tax, instead of the present £5,000 between them. Any gains over the allowance will be taxed as income (25 per cent, or 40 per cent for those with income of over £18,900, in 1988/9).

These changes will not come into force until April 6 1990, to give the Inland Revenue time to collect the necessary information from taxpayers and to prepare its

computer systems for the extra work involved. The rules will encourage married couples to divide their estates more evenly between them, both to use up their full tax allowances and to take advantage of basic rate tax where possible.

Take a family where the husband pays tax at 40 per cent and the wife does not work (the same considerations apply if the situation is reversed). Her single person's allowance is not transferable to her husband, so she should use it up if possible. There are various ways of doing this.

First, savings and other assets that provide an income should be transferred into the wife's name. She will then not pay tax on any income received, or be able to reclaim tax deducted at source, if the income is below £2,605. However, the tax paid on interest on bank and building society deposits, deducted under the composite rate scheme, cannot be reclaimed.

Transfers of assets between a husband and wife are tax-free. Alternatively, they can jointly own assets: under the new system, they will then be able to make a declaration as to the proportion of income from such assets that each should be taxed on.

Transferring the husband's earned income to the wife is not so easy. For instance, a husband cannot claim tax relief if he pays

his wife for doing the housework or looking after the children. Family businesses may find it worthwhile to pay wages on a salary - though the taxman will no doubt want evidence that she is actually doing some work and not being overpaid.

The wife's allowance cannot be used up by transferring capital gains in excess of £10,000 in any one year into her name (this first slice is tax-free, provided the husband and wife take half of the gains each). Although capital gains are taxed at income tax rates, they cannot be set against an income tax allowance, says the Revenue.

The Revenue has also said that married couples will not be able to claim mortgage interest relief on two properties. They might have hoped to do this under a system of independent tax by claiming, for instance, that they have separate residences: for instance, the husband may live in a house in town during the week and only return to the main family house at the weekend. The Revenue says that only the family's "home" attracts tax relief, a principle that has been upheld in earlier test cases.

Besides the planning opportunities, there are two automatic benefits from the new independent tax regime. First, husbands will receive a married couple's allowance of £1,490, representing the difference between his single allowance and the present married man's allowance. Oddly, in a

system which is intended to recognise the equality of the sexes, the allowance is given to the woman if he cannot use it.

This allowance means that couples where both partners receive income will get the best of two worlds. On the one hand they will be taxed separately, meaning that a wife's income is not taxed at her husband's highest rate of tax. On the other, they keep the extra married allowance. Under the current system they can opt for separate taxation of earnings, but lose the married man's allowance in the process. This will mean, in 1988/9, that only couples with a joint income of over £28,483, where the wife earns at least £5,579, will benefit from electing to be taxed separately.

In 1990/1, the year the new system takes effect, the concession will mean that married couples will pay a total of £970m less tax in total. This equates to an average tax saving of £290 a year for 1.6m wives, and an average £420 a year for 450,000 men, says the Inland Revenue.

The second automatic benefit is that women will be taxed separately for the first time since 1905. This means that they will no longer be included in their husband's tax returns, and husbands will no longer be responsible for paying their wives' tax. This may or may not be welcomed by wives.

Richard Waters

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1983	£91	£2605	"	"
1982	£104	£2978	"	"
1980	£124	£3554	"	"
1977	£206	£5908	"	"
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FINANCE & THE FAMILY

# Taxed for dying

I understand that the executor of an estate has to take out a bank loan to pay death taxes (currently IHT), and shares and other assets cannot be sold before the tax penalty on death is met.

What would be the position of an executor if he had taken out a loan to pay taxes on an estate largely of shares and valued just before a crash and assuming that the prices realisable on the securities by the time he was allowed to sell them did not meet the loan?

Would he personally be liable? If so, would there be a case for him to bring at the European Court of Human Rights against the British government?

In your answer you will probably advise executors to employ a member of your profession. If an executor of an estate employs a solicitor, not provided for in the will, to help him, does he have to pay the solicitor out of his own funds or can he charge the estate?

Will the solicitor expect to receive his consideration before any legacy to the executor is available? What is the executor's position if any legacy expected to pay the solicitor's costs is wiped out by the death tax arrangements coupled with a crash in share values?

If the executor is put in an unfair position by the laws, can he protect himself by the use of insurance, a limited company, or simply resigning?

So long as the executor takes care to procure the loan in his capacity as personal representative of the testator, he will not be liable beyond the assets in the estate. There would not, in any event, be any justifiable claim in an international forum against the government of a country in which the stock exchange suffered a substantial fall.

If the solicitor is engaged to deal with a legal problem of the estate in circumstances where it is reasonable to seek legal advice,

his costs are an expense in the administration of the estate and are properly chargeable in advance of all legacies. If there is insufficient to pay all the administration expenses after payment of the inheritance tax, all creditors in respect of administration expenses would have to abate their claims ratably.

There is nothing to stop an executor insuring if he can get a quote for a premium which he finds acceptable, but the cost of insurance would be borne by him personally. An executor cannot simply resign, although the court can now make an order permitting him to retire from his office as executor. His proper course is to renounce probate i.e. not to take on the job.

However, the foundation of your concern is possibly misplaced, since the value of the shares can be adjusted downwards if they are sold within a year and they realise less than the death date value.



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post on a space available.

## Boundary definition

I have always understood that where a bank marks the boundary of a property, the extent of that boundary is the centre of the bottom of the ditch on the outside of the bank. Is this true or is the furthest extent of the boundary the crest of the bank?

The general presumption in law is that the ditch was made by the owner of the land on the side where the bank is, since the soil from making the ditch should have been thrown on the land owned by the maker of the ditch (so as not to trespass). Hence the boundary presumption is that the boundary runs along the bank of the ditch on the opposite side from that on which the soil has been thrown (this often has a hedge on it). If both banks of the ditch are of even height the presumption would not apply, and the centre line of the ditch would be the boundary. The title deeds themselves may show a different boundary, and this will prevail.

## Car cost challenge

I have for some 10 years been allowed to charge a part of the cost of my car as a business expense. This was obtained by adding up the total cost of running the car for the year.

This year, however, the Inspector of Taxes has written to me stating that the written on car expenses claimed has been disallowed, the reason being that the expenditure has not been identified. Apparently, if you wish to make a claim for car expenses you must clarify the reason for each journey, the mileage and the cost.

1. Has there been a change in the regulations?

2. While it would be possible to give a reason for each journey and the mileage, it would be immensely laborious and I do not see how it is possible to identify a cost-again journey.

There has been no change in the income tax regulations. The tax allowance in respect of business mileage is a matter of negotiation between yourself and the Inspector of Taxes. The Inspector has the right to expect you to justify the amount of business mileage. We agree that expecting you to give details of every journey is likely to prove laborious. We suggest that you ask the Inspector if he would be willing to accept full details for a small period in the year, say one month, and take that as representative of the whole year.

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A NAME YOU CAN QUOTE WITH CONFIDENCE

## Red tape delays repair

We wanted to rebuild a section of cut-stone wall between 6ft and 8ft high. Before we could do so, however, we were required to obtain planning permission which took two months to get, even though the stone intended for the repairs was approved.

By the time the permit came through, we had lost the stone tentatively booked for the job, resulting in us having to wait for another six months before we could find another lot of matching stone. This cost an additional 100 per cent or so, apart from the fee of £30 for the planning permit.

The application form itself which we were required to fill up referred to building and development. We were not seeking to do either of these things; just to repair a section of wall which incidentally would, and has, vastly improved the environment.

Our planning officer says that it is Parliament that lays down the law in such matters. Is it really true that repairs to a wall over one metre high need planning permission? If so, an awful lot of people are going to feel frustrated, to say the least, over the red tape before they can repair damage caused by the storm last October.

You would not normally need planning permission if the works of repair do not alter the shape or height of the wall and if the wall is not a listed building.

The Inland Revenue says that capital gains tax retirement relief is not due on this disposal as the controlling interest of the subsidiary company is in the hands of the parent company and not the family, notwithstanding that the parent company is wholly owned by the family.

I shall be grateful for your view on the validity of the Inland Revenue's contention.

It is a pity that you did not ask your tax office for the free pamphlet on retirement relief, CG78(1986), before deciding what shares to give away. The tax inspector is quite right: the subsidiary company is not a "family company" as defined in paragraph 1(1) of schedule 20 to the Finance Act 1985 - "family company" means, in relation to an individual, as to not less than 25 per cent, exercisable by the individual, or as to more than 50 per cent, exercisable by the individual or a member of his family and, as to not less than 5 per cent, exercisable by the individual himself.

abrupt work on the first deal. I wrote to the solicitors of the first buyer asking if they would contact their client and obtain reimbursement for me. They have replied that they do not feel there is any responsibility upon their client to make such a payment. Is there anything I can do about this?

Unfortunately, there is no legal obligation on the proposing purchaser who backs out before contracts have been exchanged. You could write to him personally and suggest that he should reimburse you; but he is not bound to do so.

## Revenue is right

My sister and I and our respective children own 100 per cent of the shares of a private limited company.

I recently gave part of my shareholding in a subsidiary company to my children and claimed capital gains tax retirement relief on the disposal. All the shares of the subsidiary company are owned by the family parent company and by my sister and myself and our respective families.

## Wife hit by golf ball

In January, you advised a visitor to a golf course that damage caused to a car by a ball was the golfer's responsibility. Does this advice extend to personal injury?

My wife was struck in the mouth by a ball while playing golf. The ball struck her on another fairway and the ball hit her. She crossed to the fairway where we were playing on. No warning shout was given. My wife lost one tooth and could lose more. The dental bill is estimated at £700.

The golfer's insurance company denies liability and suggests the club is responsible. It has denied this verbally. Your January reply raised my hopes that, in fact, the golfer is responsible.

The position is different where your wife was herself playing golf on the course. In that event, she would have no claim against the club - the legal rule being that there is no liability to someone who willingly places herself in a position of risk. You might possibly have a claim against the golfer whose ball struck her if it could be shown that he was negligent and that your wife was not contributorily negligent.

## Flat-buyer pulls out

I put my flat on the market last summer and received, via an agent, an offer which I accepted. I made it clear to the purchaser that I wanted a swift completion - within a month, if possible. The purchaser assured the agent he was a cash buyer and this should not be a problem.

Legal enquiries etc proceeded rapidly but when, after six weeks, contracts had not been exchanged, I spoke directly with the purchaser who explained away the delays and confirmed he was still definitely going ahead. Several weeks later, without any explanation or apology, he pulled out.

I have now sold the flat to someone else and my solicitor has billed me for £88 for his

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"Blue chip" British companies are currently priced at levels which bear little relation to their very good performance and even better growth prospects.

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The UK Equity Income sector was the top performing unit trust sector in 1987, with an average increase of 14.0%\*

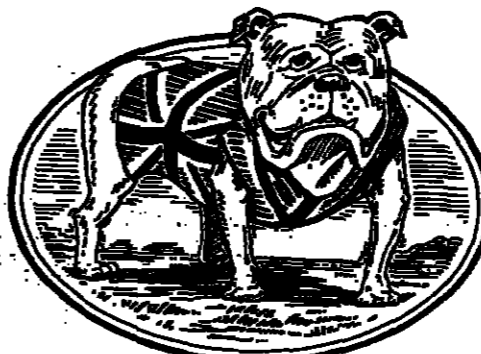
Morgan Grenfell's asset management skills are already entrusted with £15bn by corporations such as General Electric USA, PepsiCo and Allied Lyons as well as major private investors worldwide.

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Estimated Initial Gross Yield is 5.25%.

It is worth noting that "blue chip"



stocks are ideal for defensive purposes should the need arise.

Remember that the price of units, and the income from them, may go down as well as up.

To invest in a good, solid fund run by Morgan Grenfell - a reliable institution with an outstanding track record, please fill in the Application Form and send it with your cheque.

\*Source: Plannet Savings, figures relate to the period 1st January 1987-1st January 1988. Offer to bid. Net income reinvested.

### UNIQUE LAUNCH OFFER

During the 3 week Fixed Price Offer of 100p per unit until Monday, 11th April 1988, and while stocks last, investors purchasing units worth £5,000 or more in the UK Equity Income Trust will receive a special Personal Portfolio Folder of the highest quality. One of a limited edition commissioned for Morgan Grenfell Unit Trust Managers Ltd., in conjunction with the Financial Times.



**MORGAN GRENFELL**

UNIT TRUSTS

The new way into Morgan Grenfell asset management skills.

Member of the Unit Trust Association.

### GENERAL INFORMATION

**Launch Date**  
Morgan Grenfell Unit Trusts will be available from 22nd March 1988.

**Dealings**  
Units can be bought or sold back to the Managers on any working day between 9.00am and 5.30pm by instruction in writing or by calling our Dealers on 01-826 6846. A contract note confirming your instruction will be despatched within 24 hours. A certificate will be despatched within 10 days after receipt of cleared funds. Cheques for sale proceeds will be despatched within 7 days from receipt of renounced certificates.

**Changes**  
Prices and yields are determined using the formula laid down by the Department of Trade and Industry. An initial charge of 5.25% is included in the offer price. An annual charge of 1.25% plus VAT of the fund's value is deducted from income, or capital if there is no income, monthly. The Trust Deed provides for a maximum annual charge of 2% plus VAT subject to 3 months notice to unitholders of any increase. A Manager's report will be sent twice yearly. Prices and yields appear daily in the Financial Times, The Times and The Daily Telegraph and consequently no statements of value need be sent. Units will be priced daily. Remuneration is payable to qualified intermediaries. Rates are available on request.

**Income**  
The Estimated Initial Gross Yield is 5.25%. Investors can choose Accumulation or Distribution units. Accumulation Units: Income for accumulation units is accumulated automatically to increase their value on 30th November and 31st May each year (first accumulation 30th November 1988) in respect of the periods ending two months earlier. No new units need therefore be issued. Distribution Units: The net income earned is distributed twice yearly on 30th November and 31st May each year (first distribution 30th November 1988) in respect of the periods ending two months earlier. In each case tax is deducted at the prevailing basic rate before distribution or accumulation and a tax voucher is sent to investors.

**Traded Options**  
The Trust Deed contains provision for the Managers to write Traded Options subject to the limitations laid down by the Department of Trade and Industry.

**Trustee**  
General Accident Executor and Trustee Co. Ltd., 15th House, 42/47 Minorca, London EC3N 1BX.

**UK EQUITY INCOME TRUST**

To: Morgan Grenfell Unit Trust Managers Ltd., 46 New Broad Street, London EC2M 1JY.

I/We wish to purchase units in the Morgan Grenfell UK Equity Income Trust at the price ruling on receipt of my/our application (initial offer 100p per unit fixed until 11th April 1988).

I/We enclose a cheque for

£ (minimum £1,000) payable to Morgan Grenfell Unit Trust Managers Ltd. I am/We are over 18 years of age. Tick box for Distribution Units or Accumulation Units.

Registration details

Surname (Mr/Ms/Ms)

Forenames (if any)

Address

Post Code

Signature

Date

Daytime Phone No.

Joint holders should give names and addresses and sign on a separate sheet of paper.

Please do not use this application if you have already telephoned this order.

Please send more details on:

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The range of Morgan Grenfell Unit Trusts.

FT/1903

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**QUARTERLY DIVIDENDS** - paid free of any withholding taxes

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**MINIMUM INVESTMENT £1,000**  
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\*Calculated as at 14th March 1988 - Offer price 21.1 pnd.

The Fund is based in Jersey and is listed on the Stock Exchange, London.

†UK resident investors will, depending on their circumstances, be liable to UK taxation in respect of dividends they receive. Investors should recognize that while Gilt provides a very high dividend return, the prospective capital gains in the future may vary. The Fund should therefore be considered as part of an overall balanced portfolio.

MIM Britannia International Limited  
P.O. Box 271, Queensway House, Queen Street, St. Helier, Jersey, Channel Islands.  
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Investment Services Worldwide

MIM Britannia International Limited  
P.O. Box 271, St. Helier, Jersey, Channel Islands.

Please send me the explanatory memorandum for MIM Jersey Gilt Fund Limited and the form on which to make application with the following details:

NAME

ADDRESS

PT 183

FINANCE & THE FAMILY

On Tuesday the Chancellor gave a few things away. Now Merrill Lynch are doing the same.

If you would like to know the full implications of Tuesday's Budget on your investment strategy, with particular reference to the Sterling Exchange Rate, the U.K. Equity Market and the U.K. Government Bond Market, then without obligation, fill in the coupon below or phone 01-493 7242.

For further information, please complete and send to: Bryan Murray, Merrill Lynch, Time Life Building, 153 New Bond Street, London W1Y 0RS.

NAME

ADDRESS

TEL.



Merrill Lynch

Lloyds' mortgage offer

LLOYDS BANK has launched a three-year, fixed-rate mortgage offer. The rate, which will remain unchanged until June 1991, is 10 per cent (equivalent to 10.5 annual percentage rate). This is 0.5 per cent below the bank's present standard home loan.

There is a catch, though. The fixed-rate loan is available only for endowment and pension mortgages. In addition, the associated endowment assurance must be supported wholly or in part by a Black Horse Life unit-linked policy.

So, for a possible short-term advantage in interest rates, you do have to commit yourself to a long-term policy, provided by the bank's subsidiary life company, that might not give the best returns. You are also com-

mitted to taking out a unit-linked policy, which involves higher risk.

The bank has allocated £200m for the special offer. There is no minimum or maximum limit on the amount you can borrow but loans will be based on three times the applicant's gross salary or 2.25 times joint incomes.

Also, the bank will lend only up to a maximum of 90 per cent (95 per cent for first-time buyers) of the valuation of the property and will require indemnity insurance for loans of more than 80 per cent.

There is a commitment fee of £100 and an early repayment penalty of two months' interest unless the loan is transferred to another property.

TSB, England & Wales has

made a fixed-rate mortgage offer, too, although it is charging a slightly lower rate (9.9 per cent) over a longer period (five years) and has allocated only £50m. Like Lloyds, the fixed-rate offer is confined to unit-linked endowment mortgages bought from the TSB Trust Company.

In other words, both banks are using their financial muscle, through fixed-rate home loans, to drum up business and commission for their life company subsidiaries. However, this week's cut in interest rates, and the prospect of a general decline in home loan rates, may make the fixed-rate offers look distinctly less attractive. Mortgage Trust, for example, has cut the rate on its premier gold mortgage scheme from 9.9 to 9.5 per cent.



Meanwhile, Midland Bank is being more straightforward in relaunching its home mortgage package under the brand name of Orchard. From April 5 to July 29 borrowers will for 12 months be given a 0.5 per cent discount on the bank's standard home loan rate on an endowment mortgage - when the necessary endowment policy is taken out through the Midland.

John Edwards

stocks in which the fund will invest. Once the stock price is considered to reflect the underlying value, it will be switched.

To seek out such stocks, Sir William has a team of fund managers covering various world markets. The team meets once a week to exchange ideas, but also has discretion under his overall control to act in the best interests of clients.

Investors are warned, however, that this is a high reward/high risk fund that should be invested over the medium to long term as a peripheral, not a core, holding.

Touche Remnant is joining the small but growing band of investment houses setting up a programme of charitable donations.

The start of this programme is for Touche Remnant to donate half of its management fees to Dr Barnardo's - the charity devoted to helping the young and disadvantaged, particularly in Britain's deprived inner cities. The auditors and solicitors to the trust are donating part of their fees.

The charges of this fund - 5.95 per cent initial and 1.5 per cent renewal - are at the top end of the range. But these are the standard charges for an overseas fund from Touche Remnant.

Eric Short

Trust debut

MORGAN GRENPELL, the London-based merchant bank, is entering the retail market for unit trusts for the first time with the launch on Monday of four funds backed by a £1m advertising campaign.

Until now Morgan Grenfell, which manages some £15bn worth of funds, has confined its investment skills to pension funds and private individual portfolios of £50,000 or more. Now, it has decided to spread its net by offering a range of unit trusts with a minimum investment of only £1,000.

The group recruited Tony Fraher, who previously formed the range of unit trusts for Allied Irish Bank, to head the operation and he has set up an administration system to ensure that contract notes are posted within 24 hours, certificates 10 days after receipt of payment, and repurchase cheques within seven days.

The first four trusts, which will be offered for three weeks at a fixed price of 100p a unit, are UK

Equity Income, International European, and American Growth. Fraher says the group plans to introduce a further eight unit trusts during the next year, followed by a move into other retail services.

Another leading City name, James Capel, is also launching four new unit trusts on Monday. It, too, is proposing to spread to a wider audience its well-known expertise in investment research and management, previously available only to institutions and unit trust portfolios for its own private clients.

Its three existing funds - Capital Income and American - will be supplemented by four additional trusts: International European and Far Eastern Special Situations, plus Gold and General.

Although these all sound rather high risk, James Capel says its investment strategy is based on a research-driven system which weights portfolios towards stocks with good growth prospects and lower than average price earnings ratios. This, it claims, leads to portfolios with a reduced risk profile and longer potential.

All four new trusts will be offered at a fixed price of 50p a unit until April 9. Minimum investment is £500.

J.E.

Poison purged

LIFE FOR fund managers will never be the same following the October stock market crash.

This is Touche Remnant's message in launching its latest unit trust - the World Wide Special Situations Fund.

Sir William Vincent, Touche Remnant group investment director, views the events of last October as a purgative to get the poison out of the investment management system.

Gone, he says, is the fund management strategy of global rotation - switching funds between stock markets with little concern about individual stocks.

Gone, too, is the move to index fund management, programme trading and portfolio insurance. Fund managers, claims Sir William, are returning to the old fashioned concepts of value buying, fundamental analysis and active management.

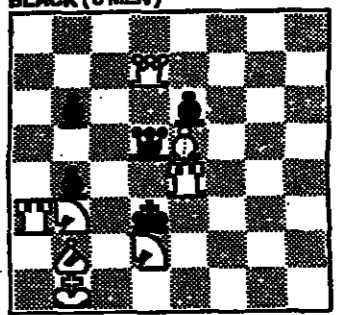
This will be the underlying strategy for the fund. He feels that all the major world equity markets have undervalued sound

CHESS

In last week's university report, Cambridge, not Oxford, leads the overall series 45-44.

PROBLEM No. 75

White mates in two moves, against any defence (by H. Knappert, 1973). White is five pieces up BLACK (5 MEN)



WHITE (5 MEN)

and the Black king has no legal moves; but the puzzle requires a clever key move which won the composer first prize in the annual Europe Echecs contest. Solution Page XXIII

Leonard Barden

IAN TIMMAN, Holland's leading grandmaster, is poised to become the first Western-born player since Bobby Fischer of the US to achieve an international rating of 2,700 points - the level of the world champions and their closest rivals.

On the latest FIDE list, published in January, Timman shows at 2,675, behind Kasparyov (2,750) and Karpov (2,715). But he has won two matches since then and, a few days ago, the strongest tournament so far in 1988.

At Linares, Spain, Timman scored an imposing 8½/11 ahead of Belyavsky (USSR) 7, Yusupov (USSR) 6½, Ljubojevic (Yugoslavia) and Chandler (England) 6, Nunn (England), Iliescu (Spain), Georgiev (Bulgaria) and Portisch (Hungary) 5½, and Timman (Iceland) 4; and Nikolic (Yugoslavia) and Chiburdanidze (USSR) 3½.

These results were revealing on several counts. Belyavsky is unlucky not to be a world title candidate; Yusupov remains the most unlikely Soviet player to challenge the hegemony of the two Ks; and Britain's Chandler and Nunn are firmly among the world leaders. But the chances of Portisch (paired with Timman) and Ejaortson (who plays Karpov) look poor in the quarter-finals. The woman world champion, Chiburdanidze, failed in a mixed tournament for the first time.

The good form of Yusupov and, especially, Timman shows that Britain's Nigel Short and Jon Speelman face formidable rivals in their ambition to challenge Kasparyov for the world title in 1990. Short and Speelman are scheduled to meet in the candidates' quarter-finals, which FIDE has now declared will be held as a joint time and venue.

Plans are for the UK grandmasters to play their six-game series in London in August. If this proves correct, the timing looks questionable. August is a peak month for established chess events - the Kleinwort, Greaveson British championship, the televised BBC British Speed championship, and the Lloyds Bank Masters follow in succession - so the clash of dates will diminish one or more of them.

Timman's strength as a player stems from his honed, all-round, classical style. He is up to date with the latest theoretical ideas, stemming from his work with the excellent magazine New in Chess (available in Britain from 298a Ballards Lane, London N3), while his middle game analysis combines strategic and tactical vision. He can beat anyone in individual games and has defeated both Karpov and Kasparyov.

If Timman has a lurking weakness, it is psychological. He has been eliminated more than once in the world title interzonals and lost by a high 3-6 margin to Yusupov in the 1986 candidates, where he simply froze in front of the expected Dutch star. And, at age 37, it is difficult to visualise him as the man to unseat 25-year-old Kasparyov.

Timman's win at Linares against the world woman champion was a smooth performance which illustrates a useful and little-known opening finesse.

White: M. Chiburdanidze (USSR). Black: J.H. Timman (Netherlands). Catalan Opening (Linares 1986).

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ST. JOSEPH'S HOSPICE MARE ST. LONDON E8 4SA (Charity Ref. No. 231323) "Her final days with you were among the happiest of her life. Your gentle skills converted the dismal business of dying into an art-form." These poignant words from a bereaved husband are echoed again and again by grateful families. They are quoted here in thanksgiving to you for the kind support on which our care depends. Sister Superior. INTERNATIONAL HOTELS The Financial Times proposes to publish this survey on: 25th APRIL For a full editorial synopsis and advertisement details, please contact: Sarah Pakzabam-Walsh on 01-248 8800 ext 4611 or write to her at: Bracken House 10 Cannon Street London EC4P 4BY FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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COLLECTING

Antony Thorncroft previews major sales devoted to an impressive collection of Scandinavian paintings

The Nordic art experience of the age - in London



This silk-screen print, "Black Walnut" by Pirelli artist Norman Stevens, is being sold in a limited edition through CCA Galleries, Dover Street, W1, on behalf of Kew Gardens. Proceeds will go towards Kew's hurricane fund and the prints will cost £250 each.

IF YOU have ever had a leaning towards a Scandinavian painting - perhaps a pubescent nude by the Swede, Zorn; or an atmospheric interior by the Dane, Hammershoi; or a watery scene by the prolific Norwegian, Thaulow; or a chilling woodland view by one of that gang of Finnish female artists who have suddenly been recovered from obscurity - then next week offers your best ever opportunity.

Both Christie's and Sotheby's are holding major sales devoted to Scandinavian paintings, hoping that there is enough demand in the world for five hundred works of art. Even Phillips is joining in with one major Danish painting by Michael Ancher. Against the odds London is mounting the Nordic art experience of the age.

The odds are considerable. Most of the paintings on offer come from Scandinavia, and a majority can be expected to return thither. But the new owners must expect to pay an import tax of more than 20 per cent on their new joy. In addition the Scandinavians have strict export controls on their native works of art. As a result many of their finest paintings were not allowed out for sale in London. The Norwegians were particularly difficult; the Swedes, in contrast, took a more generous approach, rejoicing in the international demand for their artistic sons.

It says much for the reputation of Sotheby's and Christie's that they have gathered together such impressive collections. Admittedly their charges are lower than those of Scandinavian auction houses, but their main advantage is that they can pull in potential buyers from all over the world.

Few Japanese venture to Stockholm but many will be bidding next week in London. The Americans too are interested, and not only those of Scandinavian origin. In the UK there are a few British buyers for Danish art but the super-rich Scandinavian colony in London is the main collecting base. What excites Christie's and Sotheby's most is the thought that institutions such as the National Gallery are at last considering plugging their yawning gaps in 19th century Danish and Swedish painting.

Interest in Scandinavian art exploded four years ago when the National Gallery showed paintings from Copenhagen of the Golden Age of Danish painting (the early 19th century). The initial impact was built on by the "Dreams of a Summer Night" exhibition at the Hayward. Then the salerooms joined in, with Sotheby's holding an auction of Scandinavian art which proved a



Apple Blossom by Carl Larsson, estimated to fetch between £50,000 and £70,000

boom, there has not been any significant downward reaction. Predictably the well publicised high prices for artists never considered saleable in the past have drawn out many more paintings, and artists like Zorn and Thaulow - Gauguin's brother-in-law - were amazingly prolific. The latter has lost some favour but in general quality pictures still do very well. Zorn, in particular, has excited the trade.

One of his finest paintings of nudes sold recently at Bukowski in Stockholm for the equivalent of £750,000, over twice his previous best. Sotheby's and Christie's are offering eighteen works by Zorn between them. Some are small etchings but there are enough of his striking nudes to satisfy most tastes. Zorn was innovative in painting them en plein air and Sotheby's hopes for the best price - top estimate £200,000 - for two young girls caught, surprised but not shocked, in a woodland glen.

Zorn, who travelled extensively in Europe, has always been the best known Scandinavian artist after Munch who stands apart in style and reputation. Sotheby's includes two oil sketches of St Ives, completed in 1887, which should appeal to the enthusiastic British buyers of Newlyn School paintings even though the price (top estimate £80,000) is steep even for their bulky cheque books.

Christie's auction on Thursday will be a tense experience for its expert Mark Polimore. It is the first the saleroom has mounted devoted entirely to Scandinavian art and a major marketing drive, especially in Scandinavia, has produced almost 300 lots. He has some Zorn nudes but the highest prices are likely to be paid for works by Carl Larsson, whose pretty domestic interiors now have international appeal. One can imagine the Japanese lapping them up.

For museums and Larsson freaks there is an important, untypical, oil of an old lady peeling vegetables against a symbolic sunset. It is an academic picture but should make £200,000. Of more popular interest is a watercolour of his wife Karin in his studio. Some of the furniture depicted is still on show at the Larsson home, now a museum. It should also reach £200,000.

Both Sotheby's and Christie's have been attempting, not always successfully, to persuade vendors to be modest in their expectations and accept reasonable estimates and reserves. If a key artist is stuck with an over-optimistic reserve, and fails to sell, the still feeble public demand could quickly wither. By chance two of the best paintings at Christie's, by the Swedish artist, Bruno Liljefors, come from the estate of a deceased person and carry low forecasts, around £50,000 each. One depicts a fox taking a crow and the other a cat basking in the sun. Both Polimore and his Sotheby's rival Alex Apis regard these as among the finest paintings on offer; they could easily top £100,000.

Apis begrudges Christie's the Liljefors but he has his own "unknowns" which could be ready for international stardom. A lively view of Bergen in 1906 by the Norwegian Christian Krohg seems cheap with its £50,000 estimate and a beautifully serene view of a lady sewing, with a fjord in the distance, by Bille Petersen is worth all of

£150,000. It is the kind of painting which makes you realise just how mad the art world can be, with collectors, or rather rich buyers, paying exorbitant prices for inferior works by the Impressionists and post-Impressionists, both major and minor, just because the names are famous, while these gems of the north lie unnoticed.

It is pointless singing the praises of the Finn Helene Schjerbeck; she is unknown outside her native land and Sweden, yet her paintings are superb. Whistler was influenced by Hammershoi, who was also admired by Renoir. Many of the best Scandinavian artists travelled to Paris or Berlin in the late 19th century and took back with them impressions from the advanced art centres which they then coloured with a native hue.

Of course, it is in the interest of Sotheby's and Christie's to exploit new collecting sectors. Some of their past ventures have blossomed briefly (orientalist pictures); some have shown a recent sparkle and then looked tarnished (post 1900 Viennese); some are still finding their feet - for example 19th century Italian art sold brilliantly at Christie's last year with a repeat auction booked for April. Anyone who thinks Scandinavian art is solely an invention of the market should pop along to Christie's and Sotheby's from tomorrow to view these beguiling and varied canvases. Few work of quality as great art, but many will touch the popular imagination.

ROYAL EXCHANGE ART GALLERY. Under the direction of Roger and Jill Hooley. HULK Abraham. IR13-1897. Oil on canvas. 25 1/2" x 33 1/2". Signed. Hulk was born in London although of Dutch ancestry. He was a student at the Dutch Academy in Amsterdam, and also of the portrait painter J. A. DeWilde. In the early 1800s he visited North America before returning to Holland. He came to England in 1800, he exhibited in Amsterdam at the Hague Lowarden from 1843-1868 and at the Royal Academy in London in 1843 and 1868.

Having disposed of a secondhand emerald, they acquired a fifteen hand chestnut.

A horse might not quite cost a kingdom, but it would certainly set you back a princely sum.

The going rate for a good riding horse, or even pony, is at least £2000.

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Which is why it could be worth taking a look around you. Frequently, objects you may own or inherit turn out to be alarmingly valuable.

Of course, it can take the eye of a specialist and years of experience to recognise the difference between an item of worth and one that's merely of interest. Hence Phillips have over a hundred-and-twenty specialists at your disposal.

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exactly what they are dealing with, you will be advised of the best time to put your object up for auction, and the most favourable venue (since certain items fetch higher prices in certain places).

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Not all the finest items are found in

London. We recently sold a diamond pendant, which was first taken to our Cambridge office, for £140,000.

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Scottish, Landscape and Sporting Pictures. 12th Anniversary Exhibition at WALTON STREET GALLERY. Thursday 28th April - Wednesday 11th May 1988. MALCOLM INNES Gallery. 67 George Street Edinburgh. 01-226 4161. 172 Walton Street London SW6. 01-584 0975. Send for Illustrated Catalogues and Annual Exhibition List. Opening Times: Monday - Friday 10.30-6, Saturday 10-1.

FROST & REED LTD. J. F. Herring, Sr. 'Languish and Pantaloons' 17 x 26 inches. Exhibition of Fine Sporting Paintings continues until 25th March. 41 New Bond St., London W1Y 0JJ. 01-629 2457.

DUNCAN R. MILLER FINE ARTS. A private gallery specialising in exemplary works by 20th Century Scottish masters and in particular Scottish Colourists. Samuel John Peploe R.S.A. 1871-1935. SCOTLAND: with roses. Oil on canvas, signed. Size: 27" x 16". We are always interested in purchasing works by Scottish artists. 11 WEDDERBURN ROAD, LONDON NW3 5QS. Phone: 01-435 6462.

MARLBOROUGH. 4th Annual Exhibition 21st-30th March. Harvey Ferry • William Clegg. The Barns, 1 High Street, Northcote, Henley-on-Thames, Oxon. 0491 641533. To include: Fine C18 mirrors, marble, library and drawing-room furniture.

William Weston Gallery. 20th Century Art in Britain. Watercolours Drawings Prints. Exhibition Opens March 22. 7 Royal Arcade, Albemarle St London W1. Tel: 01 493 0722.

PORTLAND GALLERY. 2 Holland Park Terrace, Portland Road, LONDON W11 4ND. Tel: 01-221 0294. Anne Redpath OBE, RSA (1895-1965). 'Anemones'. Signed, oil on board. 21" x 16 1/2". We specialise in Scottish paintings and are always interested in purchasing works by Scottish artists.

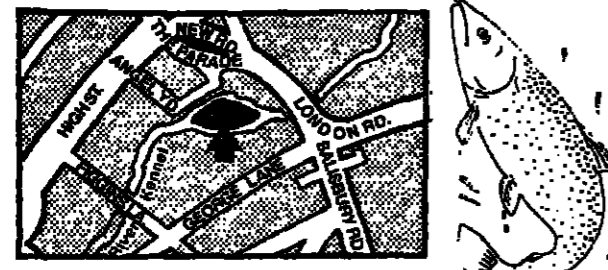
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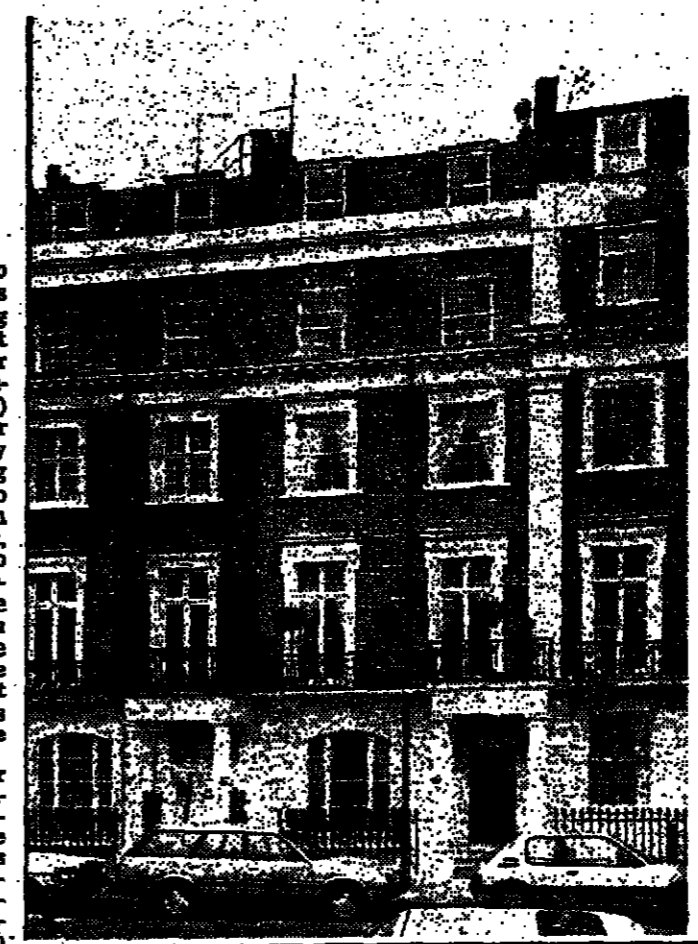
PROPERTY

Pointers and pitfalls for the last-time buyer

AGEISM HAS crept up on housing without undue drama. It is a moot point whether it is the builders' sales strategies or the market itself that started the stratification of new homes by age. Whatever the reason, we now have an established output of property types graduated by buyers' age and income.

Market properties as winners' trophies is one thing, trying to sell houses in a "Dumpty" range would be quite different. There are no such reservations about property branding once the target audience moves into the fifth decade. Hit 55, and you run into what has become the most popular of all against housing sectors - retirement properties. Retirement homes constitute an area of the business that has matured into a series of mini-markets offering properties from smaller, easy-care houses and flats to warden-assisted sheltered housing.

As the House-Builders Federation recently acknowledged, the generally favourable planning climate, and the evident demand from what are bluntly called "last-time buyers", have attracted more builders into the business and diluted expertise in this area.



SPECULATIVE builders were in the process of transforming much of London in the 1840s, when Henry Smith's Kensington estates were being covered in their familiar stooped terraces, and when the adjoining Taurico Estate started to emerge as a site for grand town houses.

John Brennan reports on the rapidly growing market in sheltered housing and finds both plus and minus points. He expected to be more than 12m over the age of 60, by the turn of the century there are 20 per cent of the UK population, are now over 60. By the turn of the century there are 20 per cent of the UK population, are now over 60.

ment of some developers' schemes. Dealing day-to-day with people who are trying to come to grips with a radical change in their lifestyle, he sees a danger that the effective marketing of specialist retirement properties could make these homes appear to be the logical option for those who can afford them, rather than just one of many different alternatives.

hamlet sized developments in or near shops and town centres as "old people ghettos", any isolated from the bustle of the normal age-mix of life than the residents want them to be. But at least Smith puts the infrequently aired case against a flood tide of sales material based on the unspoken assumption that retirement property is more than a welcome additional choice in the market.

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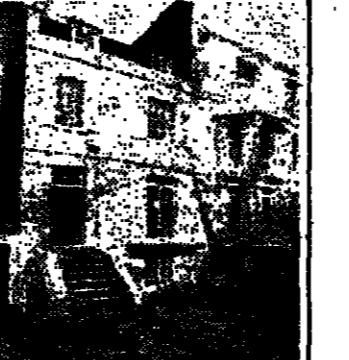
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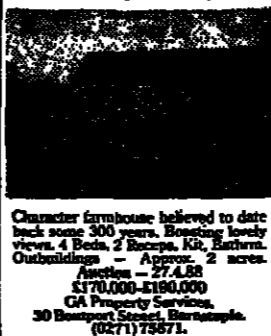
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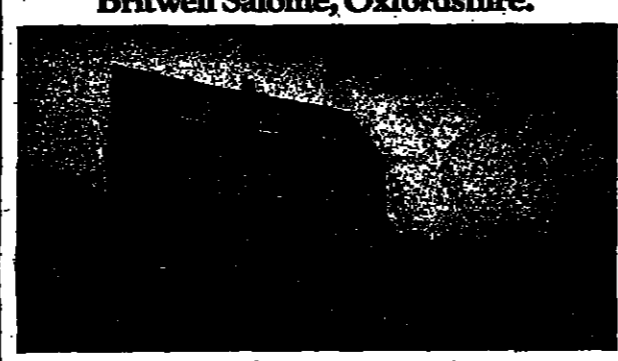
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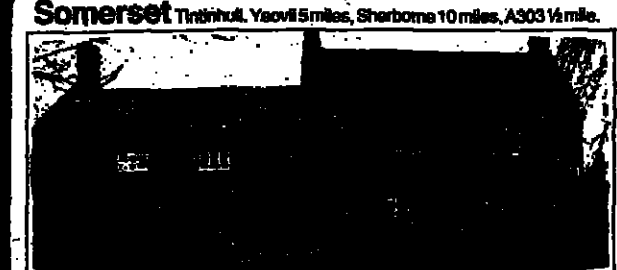
Catalogues £5 including postage (overseas US \$15.00 incl. postage). Catalogues and enquiries through:

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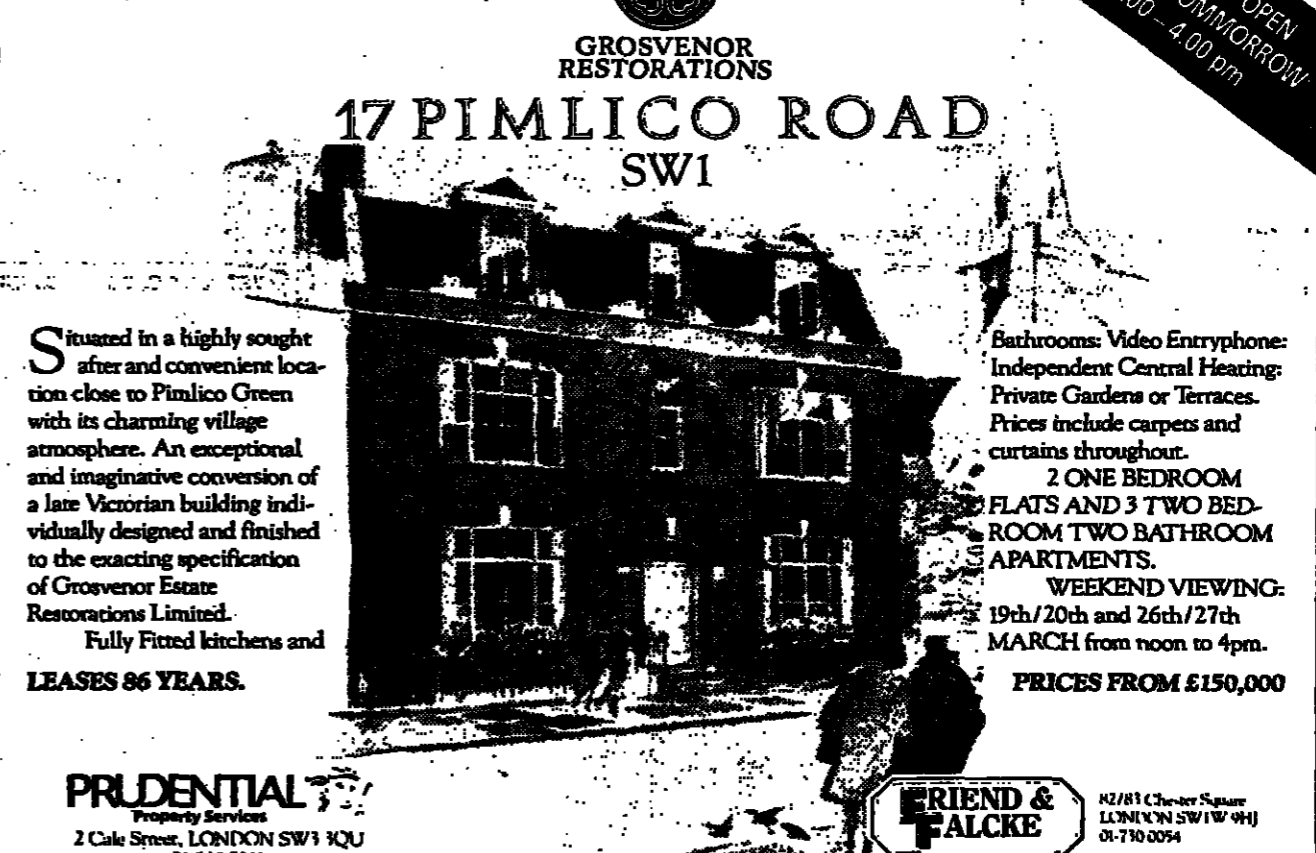
A charming 17th Century hamlet village house in need of modernisation. 3 reception rooms, 4 bedrooms, 2 bathrooms, cloakroom, kitchen/breakfast room, oil central heating. Adjoining 3 bedroom stone cottage available. Garaging and outbuildings. Garden, grounds and paddocks. In all about 8.5 acres. For Sale by Auction on Wednesday 20 April 1988 at The Digby Hall, Sherborne. Details Yeovil Office Tel: (0885) 77277

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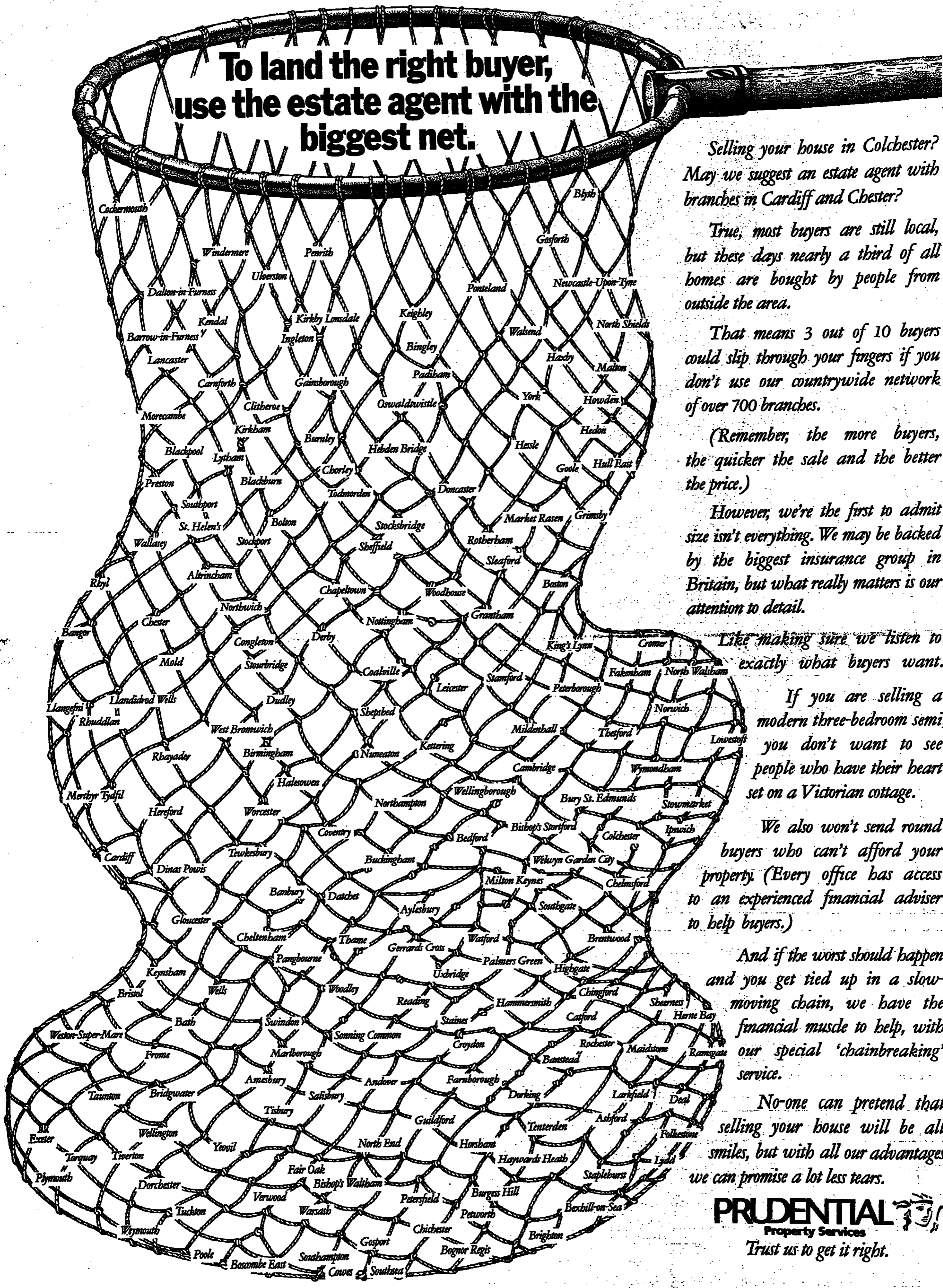
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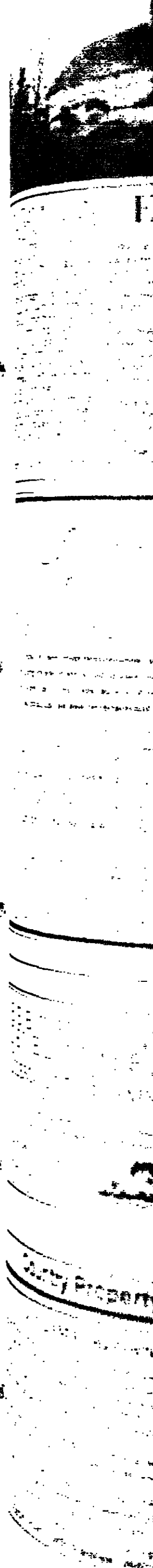
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PROPERTY

John Brennan examines the choices available to older buyers

More options for the retired

THE LAST English House Conditions Survey showed that 43 per cent of "unit" dwellings, and 55 per cent of homes lacking one or more basic amenities, are occupied by retired people. The obvious phenomenon (that people's homes age with their occupants) emphasises an equally obvious replacement problem: that the people most in need of rehousing are often those least able to afford it.

Nevertheless, 50 per cent of people over the age of 65 own their own homes, and even if that total were cut by half to exclude the owners of barely saleable, dilapidated properties, that would still leave 3.5m privately-owned households that could be traded-in to buy a more easily managed flat or house.

There is certainly no shortage of options available to those more than 5m prospective older home-buyers. At one end of the scale, the Country Houses Association (01-836 1624) provides its unique option of apartments in nearby towns where everything, including meals, is laid on; and

where the "purchase" price takes the form of an interest-free loan to the association from which a 3 per cent charge is made each year that the accommodation is held.

The English Courtyard Association (01-937 4511) sounds equally out of the traditional house-builder mould. Yet it is, in practice, the retirement homes management company of the straightforwardly commercial Geometer Group.

That said, Noel Shuttleworth's development schemes do live up to the image created by his management company's name. They are by no means cheap but the standard of design, and the care taken with their management, is sufficient to make ECA a company that other retirement home-builders often compliment.

Eleven years ago John McCarthy, now chairman of McCarthy & Stone, completed his first retirement scheme, received a vote of thanks from the buyers (an unheard-of response in any other area of the building trade) and switched the company over

to building retirement property exclusively.

That was the real beginning of the sector in the UK, and more than 7,000 homes in 100-plus developments later, the group is the leading builder in this market. It now has a full range of retirement properties, from independent houses in small and medium-sized developments to larger schemes incorporating facilities for more intensive residential and nursing care.

Anglia Secure Homes, another retirement property specialist with a track record almost as long as McCarthy's, is another of the companies pioneering the concept of making different levels of care available to occupants within the same development.

Several developers are now vying to offer a mixture of independent, secure and nursing home accommodation on the same site; and as McCarthy & Stone and Anglia Secure Homes have proved, planners are beginning to be won over to the idea of communities that do not put extra strain on often-stretched

local facilities for care of the frail elderly.

Still, the few hundred homes in the largest of these schemes are a far cry from the 25,000 or more units you would find as a matter of course in a purpose-built retirement community in Florida.

The nursing management commitment of these integrated schemes tends to make most traditional house-builders shy of trying to mix too much aftercare into their developments. But companies such as Wimpey or Alfred McAlpine Retirement Homes, both of which have shelves full of awards for their schemes, do work to make sure that their properties don't look as if they are off a standard production line.

In McAlpine's case, attention to the detail of its schemes includes what might be dismissed unkindly as sales gimmicks but which do fulfil real needs - such as providing a handyman for buyers just moving into their home to help in hanging curtains or putting up the pictures.



HAMPSHIRE "cottages" in the more popular commuter areas of the county tend to be substantially larger than their rustic equivalents further afield. Greenmount Cottages (pictured) at Shalton, 8.5 miles from Basingstoke and a similar distance from the M3 motorway, is a good example of the type. It has three bedrooms, en-suite, a double garage and a swimming pool in the garden. Lane Fox at Winchester (0862-89999) is looking for offers around £230,000 for the Grade II-listed house.

YOU MIGHT know your own particular stretch of London well, but what about the rest of the 119 post-coded districts that make up the sea of brick and concrete from Chiswick to Ryegate Park, from Mill Hill to Epsom?

Even the average London taxi-driver would be hard pushed to give a sensible comment on the property in every single part of the capital (although that is unlikely to stop them from doing so). There are few estate agents with the spread of offices needed to provide an overview of housing, transport, schools, shopping facilities and all the other elements that go to make up all of London's residential communities.

In Where to Live in London

Explaining London

1988, published by Stigwick & Jackson at £6.95, editor Elizabeth Vercoe has marshalled sufficient information about 390 of these residential areas to provide a highly effective reference for anyone thinking of moving to the capital. Perhaps its real appeal, however, will be to existing Londoners interested in looking beyond their immediate horizons to other parts of their city.

People who live in provincial cities often find it hard to understand just how unfamiliar Londoners can be about vast stretches of what is, essentially, their home town. Residents of

existing demand and trends to justify them.

Property guide prices used to show the starting prices for most common types and sizes of homes in an area are based on September 1987 figures; and, while these prices necessarily are generalised, they do provide as near a guide to local values as do nationwide references.

It is an ambitious and useful project; and although there are one or two places where locals might argue that the research wasn't a little thin, it is a book that will deserve its publisher's credit as the first independent guide to choosing a London home.

J.B.

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GARDENING

Arthur Hellyer gets a surprise in Hertfordshire and Peter Fort vows to solve his carrot problem - with Arthur's help

The advantages of a few spare beds

SOLUTIONS TO garden problems are often found in unexpected places. A few days after chatting to FT food writer Peter Fort about vegetables in his London garden, I visited the kitchen garden at Hatfield House, in Hertfordshire. To my surprise, I found it laid out almost completely in narrow, brick-edged beds raised 10in above the ground.

The natural soil there is clay but the shallow, raised beds are filled with vegetable soil to be planted in growing in a lovely, spongy mulch of rotted manure, leaf mould and whatever else might be available to give the perfect texture and complete blend of chemicals essential to provide Peter - and all other gardeners - with that final touch of perfection they find missing so sadly in commercial crops.

The deep, narrow beds, no more than 6in wide, have many advantages for the home gardener. They need never be walked on, since every operation can be done from the surrounding paths.

These can be covered with paving slabs, gravel, concrete, asphalt or anything else that is convenient, and so can be firm and convenient to work on at all seasons. The beds sit well into the rectangular shape of most town gardens, and even in big country gardens can be combined in many tidily decorative ways.

Few gardeners, town or country, will have direct access to fully decayed manure direct from the farmyard, but processed and bagged manure of first-rate quality is now on sale at most garden centres. This can be bulked-up with leaf-mould or mushroom compost, topped up with fertiliser - if this is not considered a certain way to make the vegetables inedible.

My own heretic view is that fertilisers, chosen well and blended properly, actually improve flavour and nutritional value, but I am completely undogmatic about this. Scientifically, I believe the case has never been proven one way or the other - and probably never can be as the pleasure of eating is so highly personal.

Climbing beans and old-fashioned flat peas, such as Alderman and Gradus, love sunny walls or fences and look magnificent

growing on trellises or wires. Trailing marrows and courgettes are nothing if not prolific, but marrows can be encouraged to be even more prodigal by being cut very young.

They can also be trained against walls or fences or over arches, from which they will dangle conspicuously as a reminder that they are there to be used.

Unfortunately, plant breeders have done their best to restrict choice of marrows for this kind of spectacular display by producing ever-shorter and more compact varieties which cannot be persuaded to trail, let alone climb. However, these bush types will look their best perched on deep beds.

There is just one problem with raised beds. However well made, and whatever the depth of rotting organic matter covering them, they will almost certainly need extra water during dry spells. The best way to water is via a special porous hose that allows

water to seep out slowly and evenly. Cameron-type irrigation systems could also be used. Slow watering is the ideal, so that it has time to soak in deeply without washing soil on to paths.

Quality in vegetables depends on rapid, unchecked growth. That means plenty of readily available plant food, which well-made deep beds are sure to supply; plenty of moisture; and slow passage of air through the soil, which is why vegetable beds must have good drainage to get

the surplus water away. Vegetables that grow too slowly or sporadically are usually tough and often bitter.

Not all the vegetables recommended by the cookery experts are suitable for growing outdoors in Britain. Some need more warmth than we can offer; many need more sunshine or are unsuited by the way in which our day and night ratios change during the course of the year. Temperature can be raised by covering beds with cloches, even such simple kinds as the polythene tunnel.

Day length is much trickier to control with artificial lighting and black coverings. For vegetables it is not really an economic proposition, even for professional growers. Usually, the solution is to produce new varieties which respond better to temperate zone conditions.

That is precisely what breeders have done for such tomatoes as Gardener's Delight and Golden Sunrise, sweet peppers Ace and Early Prolific, and sweetcorn Sweetheart.

Sometimes, the biggest problem is to know where to buy seed or plants or whatever is appropriate. It is unlikely that one firm, however good, will be able to supply the lot and a few may not be available commercially anywhere. Clubs or friends may be able to help, or a request for help may be published in a good magazine such as *The Gardener*.

Here are the names and addresses of a few firms, the catalogues from which I always keep beside me for information of this kind.

Thompson and Morgan, London Road, Ipswich. An exceptionally comprehensive list, usually with specialities of its own. This year, these include two new carrot: Mokum, described as super-sweet and extra juicy; and Jewel, said to contain twice the normal quantity of vitamin A.

Marshall's, Regal Road, Wisbech. Many good things to grow from seed and also first class for unusual potatoes like Pink Fir Apple and Minima; plants of asparagus, including the all-male Lucullus which produces no self-sown seedlings to lower the quality of the stock; and also planting crowns of sea kale.



W. Robinson and Sons, Sunnybank, Forton, near Preston. A very old-established firm and about the only one I know from which it is possible to buy seedling or young plants of pot leeks, blanch leeks, various onions, several different varieties of celery and celeriac.

Heritage Seed, Byton-on-Dunsmuir, Coventry. This is a catalogue in which to look for old, high-quality varieties as well as some interesting new ones. A couple of pages are devoted to oriental vegetables.

John Chambers, 15 West Leigh Road, Barton Seagrave, Kettering. Known best for wildflower seeds but the catalogue contains a comprehensive selection of herb seeds, both culinary and medicinal.



Growing good vegetables leaves little margin for error. Robin Lane Fox explains on PXIX. Salad days: take a leaf out of Peter Fort's and Arthur Hellyer's books next week.



Towards a taste of the real thing

THE WALLS of warm red brick are soft high, decked with peach and nectarine and plum trees heavy with fruit. One greenhouse bursts with melons and cucumbers. In a second, vines and tomatoes grow in orderly profusion.

Especially apples and pears divide the cinder path from the neat beds edged with herbs and salad plants, where carrots and beetroots and broad beans are lined up ready for inspection. Here, the rimbar spreads its perusal leaves. There, a bushy cluster of courgettes and marrows. Uprighted pots mark the blinched sea-kale.

The asparagus beds have already gone to seed but the climbing beans are springing up their bamboo supports. There is the creek of the wheelbarrow, and the whole scene is bathed in sunshine. All of us are born to an allotment, but some of us yearn for a true kitchen garden.

The truth is that I find myself peering out through a curtain of rain at a small, drab plot of brown, inert mud. Is it really going to be possible to conjure anything out of this soil-discard kitchen garden?

Already, the battalions of slugs, snails, weevils and woodlice are massing along its frontier, ready to fall on anything that shows its head above ground level. No one short of Arthur Hellyer, the FT's gardening correspondent, is going to be able to transform this patch of leafy Acton into the Garden of Eden.

And that is just what he is going to do. It was the idea of powers-that-be. It's time for another piece about your garden. What the boss cook is growing this year. That kind of thing. Then Arthur can tell you how to do it. Get in touch with Arthur.

You would think that two gardening writers were quite enough, even for the FT, without trying to turn your correspondent of rough and tumble into a third. At first glance, you might suppose that there's some method in this madness.

Peter Fort pens a mellifluous piece along the lines of Digging for Victory, and Arthur Hellyer does the where-you-find-them, how-you-do-it guide for duffers. On the surface that all seems

quite fair and reasonable. On the surface, mark you. Once we get down to the bonemeal and compost, all is not quite as it seems.

To start with, when it comes to gardening I am not fit to pull off Arthur Hellyer's waffles. He is up there in gardening's pantheon of heroes. What would he think if he saw any of the miserable things purporting to be carrots that I grew last year?

More to the point, I discover that Arthur manages to keep seven acres of Sussex in a condition that would have Gertrude Jekyll gnashing her teeth in envy. I, by contrast, seem destined to fight a losing battle with the natural universe on a battlefield measuring 66ft by 45ft. There's a difference in scale and vision, if you see what I mean.

Well, there's no point in moaning. The days are passing and it's time we got something in the ground. But what? My tastes are essentially conservative. Of course there's a place for pak choi and scorpions and other stuff, but really, it won't be there this year.

Nor will there be space for potatoes, sweetcorn and all manner of staples on the ground of lack of acres. This year I am being modest in my ambitions. I can not go to be satisfied until I have solved the carrot problem.

The carrot problem has a symbolic significance. It stands for the beetroot problem, the tomato problem, the lettuce problem and so on. In short, I am looking for vegetables that taste of what they are supposed to taste of. I always feel that there's something missing from my vegetables. I am sure there are further steps towards vegetable perfection, but I don't know what they are. Part of the

problem lies in our vegetable heritages. Browse through most seed catalogues and you will come across innumerable references to size - mammoth this and gigantic that; the largest whatever in the world. Worse, these are invariably hailed as medal-winners. References to taste appear to have been added in as an afterthought. Clearly, size and appearance count for more than flavour.

In England, apparently, vegetables are grown like flowers, to be looked at but not to be eaten. Fruit and veg in the retail outlets suffer from the same treatment. As long as they look nice, it doesn't matter that they taste of very little.

But what is the point, I ask you, of growing vegetables if they are not richly redolent of themselves? Looking back at my records of last year, I come across comments like "disaster" with disturbing frequency. The melons, ridge cucumbers, sugar snap peas and carrots all came into that category. I won't be growing asparagus peas again, either. Very pretty in flower, absolutely tasteless in the mouth.

Not all was disappointment, however. I did have some triumphs. The climbing french beans will be getting a second sowing and I am all in favour of the easy to sow, easy to reap, multiple-cut salad mixes like Salsad, Salad or Misticoma. I have hymned the radish before in these columns, and radishes there will be.

In the courgette line, I might experiment with an interesting little number called Tondo di Nizza and persevere with Claudia and Gold Rush. To the rare tomato successes of last year I will add Gardeners' Delight (sporn-of-highly-by-my-mother) and possibly Flumino, to provide the tomato purée for the closed season.

But it's back to the drawing board on carrots, and I am determined to have another crack at melons. Twiddling a paintbrush in the flowers while making buzzing noises as I see to help along the fertilisation process is one of the summer's more rewarding pastimes. And, under Arthur's guidance, I might even get a chance to eat one of the melons this year.

Insisted Brussels sprouts



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London Property section with various real estate listings including 'PARK LANE STATES', 'MAYFAIR W1', 'MAYFAIR W1 (all Gross)', 'HAFTON HOLIDAY HOMES FOR SALE', 'Home & Sons', 'WARWICK SQUARE PIMLICO LONDON, SW1', and 'PRUDENTIAL PROPERTY SERVICES'.

Country Property section featuring 'DAVID WILSON HOMES' advertisement for 'Our Homebuyers Express their Appreciation...' and 'Coles Knapp' advertisement for 'SOUTH EAST HEREFORDSHIRE'.

DAVID GOSS AND ASSOCIATES Forestry Consultant advertisement, 'ACCEPTABLE FACE OF PRIVATE FORESTRY Since 1972', and 'Knight Frank & Rutley' advertisement for 'WARWICKSHIRE' property.

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TRAVEL & MOTORING

Desirable diesels

DIESEL car-owners still are a small minority in Britain but we are no longer as oppressed as we used to be. Oppressed? Well, if you wanted to refuel a diesel car 15 years ago, you found the pumps were few and far between and always tucked away in a filthy corner of the filling station where the lorries went. Every time you tanked up, you put your shoes and clothes at risk.

transformed. People who have not actually driven a modern diesel car remain convinced that they are noisy, smelly and sluggish. Those of mid-1970s vintage were all of those things but today's are anything but. My own choice, the Citroen BX19RD estate (Britain's best-selling diesel car), runs at the tolerated 80 mph on a motorway as quietly as a petrol vehicle. It returns 44-45 mpg (6.4-6.3 litres per 100 kms) week in and week out, despite many short trips and cold starts.

son why fleets resist changing to more economical diesels is that executives fear they would have to drive them if the other ranks were made to. They really have no need to worry. I cannot pretend that any diesel car - not even a Mercedes 300D or a turbocharged Audi 100, Citroen CX25DTR or Volvo 760 - can match the standing-start acceleration or top speed of a Jaguar or BMW. But they are urban and civilised vehicles with more than adequate performance.

PORSCHE has been going through a bad patch recently. Sales have fallen, competition (especially from Japan) has strengthened, and prices have risen to dizzy heights. You have to be a dedicated Porsche buff to contemplate the cheapest 2.5-litre, four-cylinder 924S (pictured) at £21,495 when £18,651 buys a three-litre, six-cylinder, 24-valve Toyota Supra and a Mazda RX7 is a bargain basement £18,495.

It depends how much store you set on the Porsche badge, which symbolises a life style as much as it identifies a motor car (which, in the case of the 924S, has been around for 12 years). All Porsches are beginning to look rather grey around the temples. Still distinguished, but not of the present generation. I enjoyed my week with the 924S, although not when I was driving it in town. Then, the top of the screen seems to rise and the tall driver's head. The clutch pedal has a long movement and has to be depressed fully for a clean change. The gearshift feels mealy, not delicate, and there is quite a lot of shunt jerking in

the driveline as you go from power-on to power-off in traffic. But you start to see what you (or a grateful employer) have paid the money for when you get on the open road. The fat Dunlops that thump and bang at low speeds provide enormous grip and the 924S, driven enterprisingly, feels eagerly responsive, secure and quite refined. A flick into third gear gives rapid acceleration from 40-60 mph (64-96 kmh) for safe, swift overtaking. The big four-cylinder spins smoothly up to high revo-



Stuart Marshall

Michael Thompson-Noel watches hilltribe dancers and hears cautionary tales in Thailand

Beauties and perils of Upper Siam

WE WERE three men in a boat hurtling down the Mae Kok river in northern Thailand in a vermillion-hued, long-tail one of those slender-bulld motorcraft that whips you along with such panache and speed that after about three hours you believe you are hallucinating. Life goes faster. The river slides beneath you. Cormorants and kingfishers materialise and vanish. You fly across rapids. Hills start to swirl. You imagine that you see elephants - some of them albino, others ghostly white: all of them royal property - coveting in a jungle bathed in violet light. Temples blaze gold. The sun retreats and plunges, and then turns to bronze.

More prosaically but no less enjoyably, you can drive or be driven - using Chiang Mai, Thailand's principal northern city, 700 kms north of Bangkok and formerly the capital of Lan Na Thai (Kingdom of One Million Rice-fields), as a base and a stepping stone. The Tourism Authority of Thailand (TAT) office in Chiang Mai says that the average cost of locally-arranged trekking tours should range from about 500 baht (\$11) for two days and a night to 1,500 baht for seven days and six nights. An elephant safari costs from 1,800 baht for two days and

but because counting your money is such good fun. I nearly counted mine, but was worried about offending my guide, a sensitive 24-year-old who was already perplexed that our progress through the jungle was not being marked by the chatter of typewriters or the sending of telexes. "How's the news desk?" he would ask, like a Tom Stoppard character. His favourite rallying cry was: "Here's a good news bit" - usually meaning another important temple or handicrafts centre.

Later, in a Karen village, I saw a painted sign. "Good news!" it said. "We have good elephants to take you for good and joyous rides around the vicinities!" "That's news," I said, like the other Stoppard character. What I did learn at the training



Anthony Brown

you to Christmas - notably, and most beautifully, Wat Phra That Doi Suthep, built in the mountains atop which Thailand's royal family maintains a winter palace. The temple's pagoda houses Buddhist relics.

Chiang Mai boasts a justly famous night market. Almost as crowded was the cultural centre where I was taken (against my better judgement) for an evening of hilltribe and classical northern Thai dances. I sat on the floor and ate some rice. First came the finger-dance: some absurdly pretty women waving their fingers.

For the dance of the magic fowls - "part of an ancient tragic opera" - I studied the printed programme, where I discovered that the action takes place "near the end of the feudal period when the heretics, two sister princesses, love the hero, Phra Law, the king of the other city, from afar. So they ask a very powerful sorcerer to cast a spell to bring Phra Law to them. The spell appears as beautiful magic fowls to lure Phra Law to follow them to the princesses' city, to passionate love, and to the doom of these three lovers by the command of the heretics' ungrateful step-grandmother because her husband, the hero's grandfather, was killed by the hero's father in a battle. The deaths of the lovers shock the two cities into reconciliation."

By the time I had read that twice the dance of the magic fowls was long since over and we were embarking on the candle dance, "usually performed in the dark or during nighttime."

I returned to my hotel, the Dusit Inn, where I sat in the lobby listening to a melancholic pianist and attempting to engage in conversation a woman who had stepped, at that precise moment from an Anita Brookner novel. She was vulnerable, quivery, fidgety and frocky, with indigo shadows beneath her eyes. She had very nice shoes. I tried to interest her in elephants but with women like that it can be all uphill.

Far less reticent was a person in the coffee shop who introduced herself as "the moth" and the Opposition leader in South Australia, "which would make her a name to conjure with in Vegemite Land. She had "lost" her husband some while ago, and was now a compulsive traveller. I asked her if she was enjoying northern Thailand. "Oh yes," she said. "Mind you, the streets are filthy dirty. It's not a bit like that in Adelaide. But it's just like they say. Travel's an education. Seeing is believing."

I travelled c/o Thai International and the Dusit Thani Hotel Group. Thai International starts a once-weekly non-stop London-Bangkok service on March 27. The current low-season round-trip PEX fare is \$589; the high-season PEX fare (June 16-September 30, plus December 1 and January) is \$659. Reservations: Tel 01-499-9113. Dusit operates up-market hotels in Bangkok (Dusit Thani), Chiang Mai (Dusit Inn), Phuket (Dusit Laguna Resort) and Pattaya (Dusit Resort). Details Tel 01-499-9113. In London, the Tourism Authority of Thailand is at 49 Abchurch Lane, W1F 3FE. Tel 01-499-7679.

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lower extremities of the Himalayan foothills atop an elephant. What I did do was wide away a memorable hour at the Young Elephants' Training Centre at Chiang Mai, north of Chiang Mai, on the way to the Thon to catch the long-tail. The camp is on a bank of the Ping river - as beautiful as this spot, as a tributary of the Loi. I love elephants. Elephants love me. We get on famously. But I did not learn much from Manas Yavira, owner and manager of the training camp, with whom I chatted briefly. After less than a minute he took out his wallet and started counting his money, not because he wanted paying

Roger Beard on a spring visit to Valsesia in the Italian Alps

Valleys of a forgotten race

ONE AND A half hours' leisurely drive north-west from Milan's Malpensa airport lies Valsesia, that remote region of the Italian Alps closest to Monte Rosa and the highest peaks in Europe. You might just know it from winter skiing, although the terrain is too rugged for any but the dedicated, or from climbing some of the most demanding faces that the snows have melted. And in addition, the town is situated in fact, Valsesia is no place to visit in the depths of winter. It is at its best in April, when the snows and the glaciers have melted to feed the torrents of its three valleys and the early sunshine brings out the flowers which have rightly made this part of Piedmont both a regional and a national park.

Then, the villages and townships come into their own as high alpine communities of a unique character, some perched above the valleys, some in them, but both exhibiting an architectural style far more German than Italian. For this is the land of the Walser, the lost blond race that migrated from Switzerland through the high alpine passes in the 16th century, came to the edge of the mountains, looked over the flatlands of the upper Po valley, and decided to go no further.

Continue forward and you will be confronted with a set of black-ambered houses which are as Walser as those at Carcoforo or Salschiet, though the former cost a deal more to buy and are almost impossible to rent. The third valley ends at Alagna Valsesia, travelling on the same road through Campo Rosso and several smaller villages, where the gable ends of the public buildings and churches are covered in murals in full pastel, but the houses themselves are unrelentingly stark, unadorned Walser.



dominated by an ornate 19th century schloss recently converted into flats, with a view that takes the breath away. Val Sesia, the second valley, has a character all its own. At the top of one fork is the holiday village of Carcoforo, and on the other, Rima, a very different kettle of mountain trout. Carcoforo is the closest you will come in Valsesia to a ski resort, with its flat site, large square, and hospital ski lifts. But if you are looking for visual impact, head for Rima. Rima is almost totally Walser. At some stages, the road to it is under six feet wide, rises to a hump, disappears to nowhere but oblivion, and then comes back

run across a broad valley and the one-way system is a nightmare, look for the road sign to Varesio. Alternatively, take the road from Malpensa towards Lake Maggiore, and follow the western shore as far as Arona, where you look for a left turn to Gozzano, which will bring you the pretty way through to Borgosesia, itself a dull town best left quickly behind you. In contrast, Varesio, with its elegant main square, tight medieval streets, museums, smart shops, and specialist alpine library, is the perfect centre from which to explore Valsesia once the snows have melted. And in addition, the town is situated by one of the most important religious sites in Italy. That is where it all begins - at Varesio's precipitous Sacro Monte, where 43 chapels dating from the late 15th century onwards lead you up to the reconstructed cell of San Carlo Borromeo, considered by the present Pope to be a saint worth visiting. Varesio, though, is just the start. As the road rises above the town towards the peaks, spinning right, one after the other, come three small valleys - the first pointing towards Rimella; the second towards Rima and Carco-

BRIEFING

Down under

A HOTEL with a difference has opened in the outback of South Australia. The Desert Cave Hotel in Coober Pedy is built into a hillside and 19 of its 44 suites are underground. The area is in the heart of Australia's opal fields where miners traditionally escaped the summer heat of the outback by living in elaborate underground homes. Prices start from \$56 a night. Tel: 0166-186-725-686.

A RAILWAY tour of US cowboy country is offered by Ffestiniog Travel, an offshoot of the narrow-gauge Ffestiniog Railway in North Wales. The 17-day journey, which starts on June 8, includes two steam railway rides in Colorado and a visit to the Grand Canyon. Prices start from £1,385. Contact Ffestiniog Travel, Porthmadog, Gwynedd, LL49 9NF, Wales.

A GOURMET holiday in China has been launched by Jade Travel. The 18-day, seven-centre gastronomic odyssey explores the regional variations in Chinese cooking. The cost is £2,000. For further details tel:(01) 734-7726.

RAMBLING has suffered from a fairly suburban image resident of woolly hats, thermal flasks and Home Counties heartiness. Not so the programme offered by Rambler Holidays, which includes a 24-day trip to the jungles of Papua New Guinea. Among the highlights is a dawn ascent of Mt Wilhelm. Accommodation includes village homes and a bush camp. The cost is £2,536. Tel:Weirya (0707) 381133.

Annalena McAfee

DIVERSIONS

Trials and errors

DO NOT feel guilty if you have never grown good vegetables. Nor have I. They leave little margin for error...

Vegetables leave little margin for mistakes, says Robin Lane Fox. Alpine plants are much better

big border plants which define most artists' ideas of a garden. The old ethos of the rocky slope...

Britain's neglected canal system is back in the news, reports David Bolton, while Sally Watts visits a new boating museum

A current of change in our waterways

THE GOVERNMENT'S privatisation plan for the water authorities has produced an interesting development in the proposal...

Over the centuries control of rivers has been with a variety of local boards, necessarily mainly concerned with flood and pollution...

The National Rivers Authority - a steering committee should be announced shortly by the Government...

continues to provide cross-country connections.

Each section of canal was locally funded to meet particular regional needs and conform with existing design of craft...

One of them, the Kennet and Avon canal, is close to long-awaited success. Closed for the past 40 years...

This could be matched by a more modest scheme to build a lock on waste ground outside Warwick to connect the Grand Union with the river Avon...

Elsewhere, especially in the north, local authorities have had a significant change of heart about waterways...

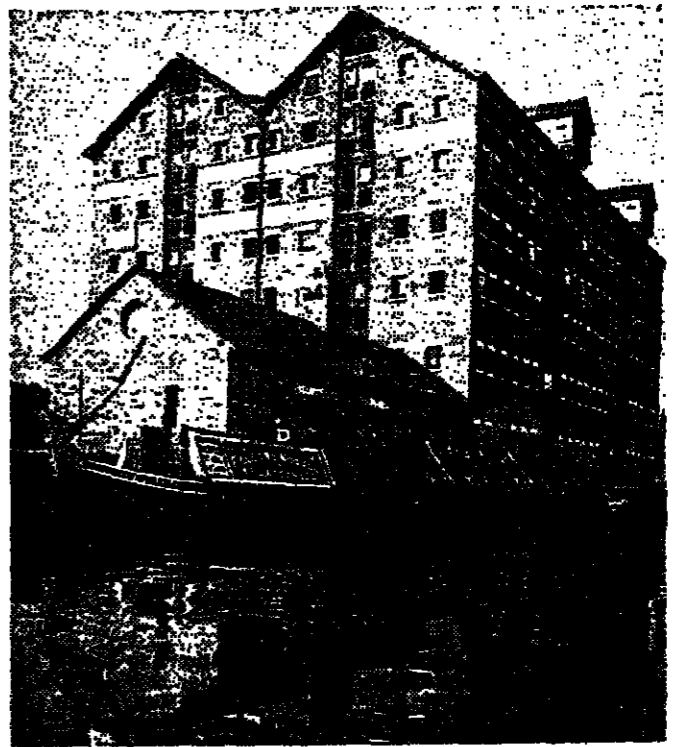


Link sweeping above Macclesfield Bay was itself threatened, though eventually some 40 miles were saved. Now, Preston and Lancaster councils are strongly supporting the plan...

Anglian waterways from Bedford to Kings Lynn, including such jewels as Ely and Cambridge, is effectively cut off from the rest of the country...

Ironically, when the original Grand Junction canal was first built at Cosgrove, it descended and crossed the river Ouse before an aqueduct was constructed over it...

The Government's consultative paper commits the NRA to little more than taking over the existing navigations of the Thames, Anglia and Southern...



The Llanthony Warehouse, home of the National Waterways Museum, with the traditional narrowboat Northwich moored in the foreground

Old tales from the riverbank

A NEW national museum is in the making in Gloucester's dockland. The National Waterways Museum opens on Good Friday, April 1...

For boat families, plying the canals was a way of life with its own customs, crafts, dress and language. Visitors to the museum can see how they lived...

The museum occupies three lower floors of the listed, seven-storey Llanthony Warehouse, built in 1873 and once used for grain storage...

Part of the structure for the new museum was delivered by the last working barge on the Severn, and another barge, Sabrina 5, is part of the floating exhibition of historic craft...

The start of the canal system in the mid 18th century, gave many their first chance to travel long distances and transport heavy goods...

The museum is funded by British Waterways, which owns the docks. It is hoped that it will be the catalyst for a development scheme by Pierce Ltd. of Bristol...

During the next 30 years or so most of Britain's canal network was completed. In 1783 the first large share issues were offered...

National Waterways Museum, Llanthony Warehouse, Gloucester Docks, Gloucester GL1 2EE. Tel: 0432-25234. Open during British summertime from 10am to 4pm daily. Special activities for children, lifts and ramps for disabled visitors.

Join us - or die!

Abina Russell on the only woman ever to become a freemason

ONLY ONE woman was ever initiated into the mysteries of the all-male freemasonry - Elizabeth St Leger, who became the Hon. Mrs Aldworth, 'The Lady Freemason'...

Tyler (the outer guard who stands outside the lodge door with a dagger)...

Confronted by the young mistress of the house, he also was overwhelmed, torn between loyalty to her and to his lodge. Loyalty to the lodge had to prevail...

Three years later she married Richard Aldworth, squire of Newmarket, County Cork. She carried out her masonic duties, showing a deep veneration for the craft...

Her masonic apron was made of white sheepskin lined with blue silk and edged with blue ribbon. Of unusual size, 24in by 26in, the apron has been kept in a glass case at Doneraile Court...

A white man's dream

"HOTEL CHAINS have ruined Third World travel," a friend moaned to me some days ago after returning home from an overseas trip...

Some of the flashier movers on the city's social scene. All the usual simulacra of tropical paradise are here. Soft music floats over the pool's blue waters...

Occasionally, the scene becomes distinctly sinister when a car-load or two of Lagos' notorious anti-crime unit policemen swagger in. Wearing grey uniforms and black berets...

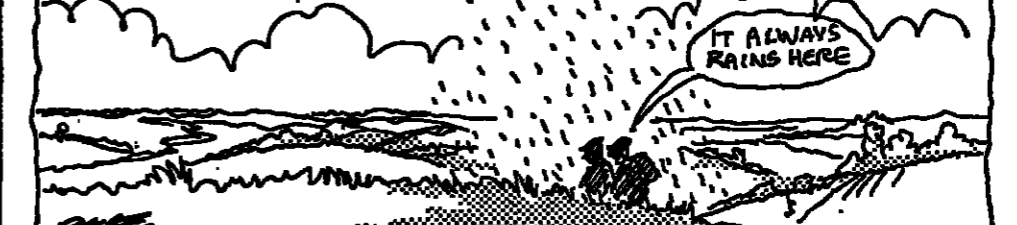
The Eko Holiday Inn on Victoria Island in Lagos might be accused of many things - of slightly grubby and paw-marked rooms, of warm drinks and cold soup, of hotel laundry with staples in unmentionable places...

Life at the Eko centers around its palm, banana and hibiscus-surrounded swimming pool. Its open-air bars and restaurants are a favourite meeting spot, not only of hotel guests but also of Lagosians in town from up-country construction projects...

Lagos' reputation as a violent and crime-ridden city is borne out daily in its newspapers. Just up the road from the Eko, at the Bar Beach market, you can buy quaint little nativity-scenes, carved representations of the public firing-squad executions that in the past have been Sunday attractions on Bar Beach...



robberies that take place from time to time. A different set of denizens inhabits the casino. There, in a vast room that is crowded, noisy and smoke-filled from tea o'clock in the morning onwards, some of Lagos' wealthiest citizens while away the hours in front of roulette and blackjack tables...



I HAVE LEARNED to be wary when asked to make a long-term weather forecast. Some persist in asking, especially those who know that I have been measuring rainfall and studying weather patterns for over 30 years...

1926 and all that



been flooded badly three times, the last being in January with up to 100 acres under water each time. Floods and even heavier rainfall have affected the south and east of Britain, which historically is the driest part of the kingdom...

Does this mean that the weather pattern is changing, one wonders? The answer is not likely to be known for at least another century. Yet our weather obsesses us still. We still note where the wind lies on Candlemas Day (February 2), for in that quarter it is supposed to stay until May 2. If there are fogs in March, there supposedly will be frosts in May, and thunder in March will bring floods in May...

Nicholas Woodworth

Alan Bloom





DIVERSIONS

# Flowers that always bloom

IT'S FLOWER time on all the smartest sweaters. Ever since Christmas when Joseph Ettlinger's grey, black and white rose-covered sweater became THE sweater to have, flowers have been what the sweater-brigade has been looking for. For the right flower, price seems to be no barrier. At £285 a time, Joseph's sweaters were selling as fast as they raked off the needles.

Over at English Eccentrics at 155 Fulham Road, London SW3, there is a hand-knitted sweater that is being treated like serious art - in a limited edition only (only 50 of the very smartest backs will ever sport these blooms) they sell at £250 a time. Black with white stripes and roses in full glorious technicolour in a huge band all around the middle, they are indeed objects greatly to be desired.

More flower-strewn carries can be found at Mousie, 102 Wilton Street, London SW3 - and if it's summer you are thinking of you can find them in cotton as well. Flowers at Mousie come in all sizes from tiny little blossoms to rambling roses and prices are around £170.

Photographed here is Kanga's version of the floribunda look for people - in cotton (white/red, emerald/navy, caramel/cream,

navy/cornflower, black/red). The tulips make a change from roses and no doubt makes it easier to tell that the wearer is not a soft. £225 each, sizes 8 - 18 from 8 Beauchamp Place, London SW3.

If all these prices sound like something more appropriate to a painting than a sweater then the nimble-fingered can knit their own. Jaeger Handknitting, which is busy upgrading its whole image and providing patterns with all the pieces of top designer ranges, has produced, just in time for spring, a knitting pattern (photographed here) which has all the exclusive trademarks - the bold colours, the flowers in full bloom, the rich, dramatic effect. You do need to be an experienced knitter to tackle it with ease but with the required wool selling at £1.49 a 50 gram ball and between 19 and 21 (depending upon the size) balls in all being needed, I reckon you could have the designer look for something around £20. You will need to use the Jaeger Matchmaker DK wool available from Dickins & Jones, all House of Fraser Stores and Res Woods of Holborn. The pattern is available free to FT readers - just send a large SAE to Jaeger Handknitting International/Financial Times, PO Box 10, Alloa, Scotland. (0258-723431).



Floribunda in pure cotton in a variety of striking colourways. £229 from Kanga



Black handknitted jumper adorned with flowers. £290 by Joseph at all Joseph Tricot shops



Lucia van der Post

Knit your own bouquet with a free Jaeger pattern. In black with blooms in rich dramatic colours

# Good coffee should be a real steam effort, says Peter Knight

## Catching the espresso habit

REAL MEN make their own espresso. Forget the sickly "push, push, shurrigh" of the Red Mountain ads on TV, we're talking real coffee here, the creation of which involves a unique combination of high technology and brute force.

To compensate for the effluents of the boiler, the coffee should be made with expensive Italian machines that both look and sound like the Titanic's boiler room.

The marketing people have been quick to realise the potential for selling espresso machines through the most untraditional outlets. You can buy a simple machine, for example, through the Next catalogue, at Gee 2 (a younger outlet of Cecil Gee) and even at Hootie's local cigar shop John Brumfit.

The machines range from the simple, traditional Italian coffee pots that sit on the stove, to the old-fashioned La Pavoni models which look like miniature church organs and make some of the best espresso outside that little bar at La Scala's stage door.

There is also now a range of electric espresso machines which cost from about £35 upwards. Top machines sell for around £450. Ironically it is not espresso but cappuccino that has helped drive the market. Although the espresso machines are designed to make strong black coffee, it is their ability to produce steam for frothing milk that has made them attractive to a wider range of buyers, especially in the UK where white coffee is preferred.

Good machines are surprisingly expensive and it is impossible to tell the difference just by looking at them in the shop. As a rough guide, the quality of coffee is related to price. Difference in quality becomes more difficult, but not impossible, to distinguish in all but the most expensive machines - and this was borne out by the 10 machines tested, from £29 to £424.

A good espresso is made by driving highly pressurised steam, or boiling water, through finely ground coffee. Pressure is the key and manufacturers have devised three ways of providing it. The cheapest method is to use the same principle as that of the traditional pressure coffee pots: water in a boiler is heated to boiling point and driven under its own pressure through the coffee to a reservoir above. But this fails to provide sufficient heat or enough pressure to extract the maximum taste.

The coffee is similar to that made in a filter, only stronger. Lack of pressure also leaves the espresso without its "crema," that frothy Guinness-like head essential to taste and aesthetic quality.

Medium-priced machines (£120 upwards) use a pump to drive the boiling water through the coffee. Instead of a boiler, some of the better pump machines have an electric motor that drives water from a reservoir and heats it in a thermal block, much the same way as an electric shower heats its water. This allows the pump to drive consistent amounts of boiling water at pressure through the coffee.

Most machines above £100 use pumps, and in some the pressure can be varied to produce coffee of different strengths. Another solution is to drive the steam through manually, by pressing a lever.

The most effective and oh so macho, Dad can steam hours in the kitchen with steam belching from the release valve, using his bulgingiceps to help extract the best from the bean. But machines such as the Pavoni Euro-piccino (£240) which is the most expensive of the machines tested, are designed for catering for dinner guests.

Steam for frothing milk is produced either as a by-product of the boiling water or as a separate process.

To froth and warm the milk effectively, you need to be able to vary the amount of steam and the depth at which the outlet pipe can be inserted into the milk. Cheaper machines produce only a limited amount of steam and some do so only when the water is bubbling through the coffee, which can be inconvenient. The Salton machine has a unique, but most unattractive, method of sucking the milk up a flexible tube and then squirting it out of another office.

Although some of the cheaper machines produce adequate steam, the more expensive models make a much better job of it. They also reflect the quality of construction. The Pavoni Euro-piccino, for example, has a chrome-plated solid brass boiler and all its parts are made to last. The distributors in the UK, Fairfax, also repair the machines and need new valves which could be every 10 to 15 years.

The Euro-piccino and its bigger brother, the Professional, which displays a large pressure gauge, are based on a simple design with the minimum of moving parts. Cheap pump machines can cause problems because lime scale gums up the works after a while, but the more expensive models use designs and materials that minimise the risk of breakdown.

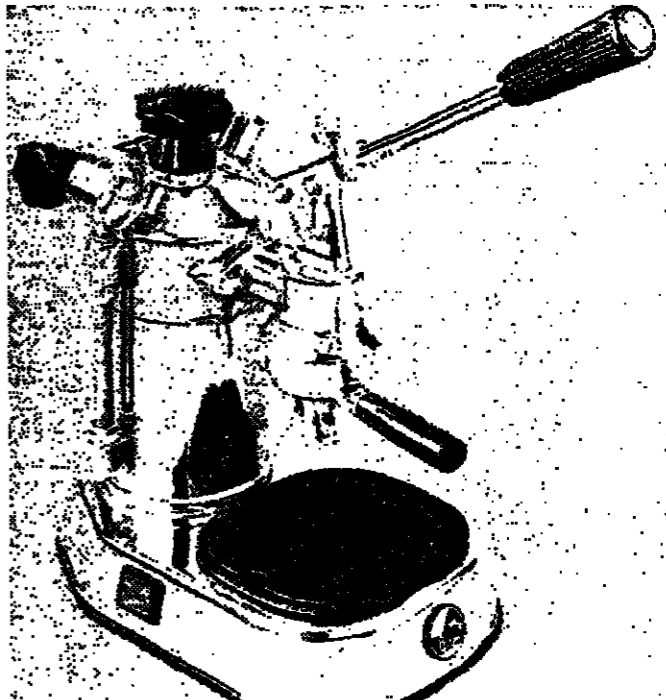
Most makers spend a considerable amount of effort on styling. The machines have a masculine feel, like the aggressive black/brown models from Krups, Rowenta's is outlandish, Pavoni and the much cheaper Gran Gala have a chunky chic. Traditional bar-machine makers, such as the Pavoni and Gaggia, also make more conventional home models with pumps, although they have forsaken the individuality of their traditional designs for the dreary Euro-look favoured by Salton and Philips.

The only problem with paying a lot of money for an espresso machine is that you then have to spend more money on a grinder. The cheaper electric coffee grinders, similar to liquidisers, use blades to chop the beans, a process that produces blurring and an uneven quality which hinders the progress of the steam through the coffee.

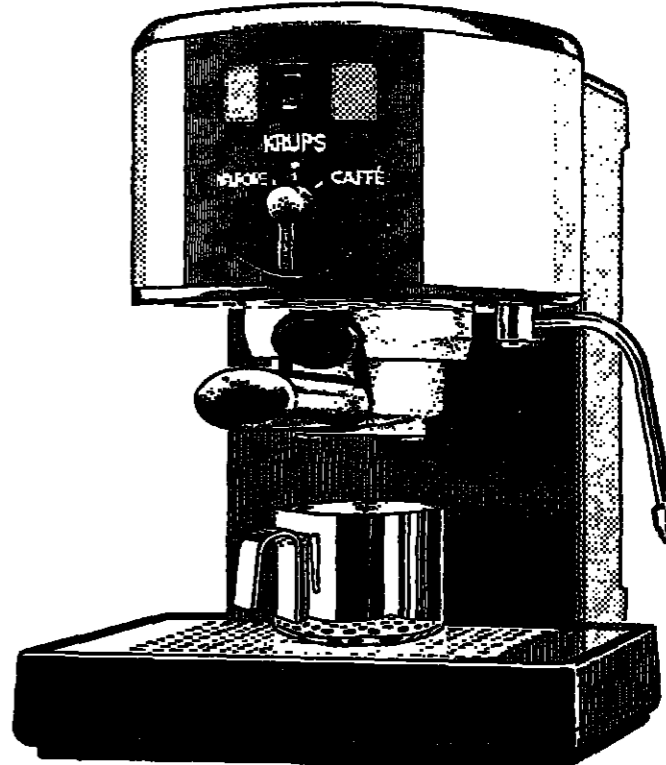
A proper grinder costs from about £85. Of course, you could always go all the way and buy the manual grinder. This is the Rolle-Royce of home espresso machines and is favoured by chief executives who need that quick caffeine zip when working late at the office. Its design is rather pedestrian but it can make excellent espresso in various strengths and it has a built-in grinder. A sip at £450.

BUYING GUIDE: High-quality pump machines will not disappoint. Expect to pay from about £120 with about £150 being the norm. Buy only a well-known brand with service back-up such as Gaggia, La Pavoni and Krups (part of Saiton-Pifco Int'l UK).

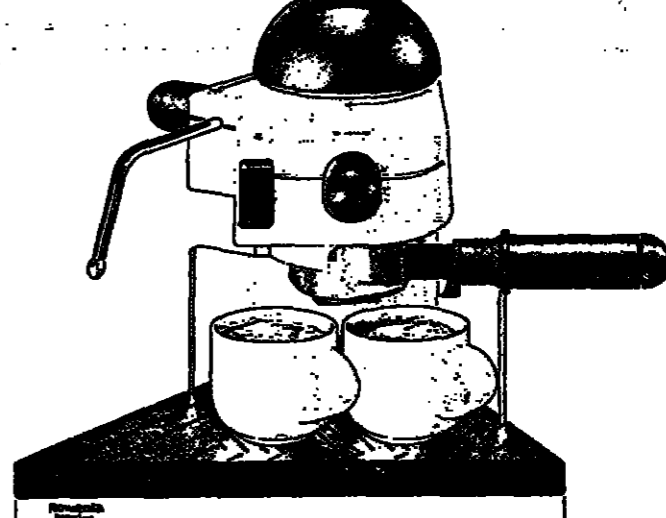
If you demand excellent espresso and are catering only for two, then buy a Pavoni Euro-piccino (£240) which is the most expensive of the machines tested. The simple and cheaper



La Pavoni's Professional, £340, satisfies the taste buds



Krups Espresso Novo, £119, gives good espresso



Rowenta's machine, £40, disguised as a Dalek

machines (around £30), such as the Krups Mini and the Gran Gala, make about four cups and produce good, frothy milk. These machines are acceptable for cappuccino but make inferior espresso. None of the home espresso machines is suitable for catering. A coffee filter is best for big dinner parties.

Peter Knight is editor of *Fin Tech 2 - Electronic Office*.

## Up the wall

IF THERE'S one thing we all know about Kaffe Fassett it is that he is a whizz with colour - all those mouth-wateringly delicious knits, those beguiling tapestries were made distinctive and distinguished by his own, very personal use of colour.

For all who love the Kaffe Fassett style there is now a chance to cover your walls the Kaffe Fassett way. It is a small collection but it offers a real alternative to the ranges on the market.

His colours and patterns are on the whole so subtle that it is hard

to envisage exactly how they would look peppered round an entire room - fortunately Ehrman (for whom Kaffe Fassett has designed the papers) has produced a full-colour brochure which shows exceedingly well how the designs look when pasted into place.

I like best Lichen - soft, slinky, infinitely subtle. Delft is original and individual, while Shibori is another tiny-scale, subtle design.

Prices range from £11.50 a roll to £14.50 and there are borders that work with all three designs. The papers are available only by mail order. For a catalogue and sample pack (a marvellous idea this as you get decent-sized cuttings of the papers and the borders to juggle with) send £1 (which is refunded if you buy) to Ehrman, 21/22 Vicarage Gate, London, W8 4AA.

## Rugs to riches

ANYBODY WHO has tried to buy an antique needlework rug will know just how highly valued they are these days - prices are almost out of sight. But there is nothing to stop you making your own.

Last year Hugh Ehrman devised a rich and floral needlework rug specially for FT enthusiasts. Based on the idea of separate squares which could then be combined to form as large or small a rug as you liked, it was a great success with readers. Now comes a similar idea from Elizabeth Bradley Designs.

Many readers may already know her kits based on authentic Victorian animal motifs. These designs can now be joined together in sets of six or twelve and then edged with a ribbon and bow border kit which then makes a rich and rather special rug. For a full colour brochure describing the kits and the border write to Elizabeth Bradley Designs, 1 West End, Beaumaris, Anglesey, North Wales (0248-811055).

If you have a valuable antique rug that needs cleaning, repairing or restoring Sheelagh Lewis of Ridge Hill House, Ridge Church, near Salisbury, Wilts will do it for you.

Her workshops have in the past restored work for such distinguished clients as the National Trust, Cambridge colleges, City companies and estate homes but now that she has moved her business out of London she is also hoping to do much more everyday work for private customers. She will collect and deliver in a radius of up to 100 miles round Salisbury and besides the repair work she will also identify and value rugs.

As a guide Sheelagh Lewis charges £20 to £30 for handwashing and cleaning a rug off by 4 ft, while mending a fringe would be about £20 to £40, a reweave hole would be between £50 and £70.



## In fine style

MORE TAPESTRIES for those who like the really fine traditional work are to be found at Tapisserie, 54 Wilton Street, London SW3. There is a vast range of exclusive hand-painted tapestry canvases, some specially commissioned in France, some designed to order by young artists on the premises.

The overall style is nostalgic and traditional spanning everything from the heraldic and grand to the floral and Victorian. If you're not very experienced, start with something as small as a pin-cushion. If you're longing for a real challenge try one of the really intricate cushions.

All wools, silks and other accessories can be bought in the shop at the same time. The down-right lady can ask one of Tapisserie's craftsmen to do the hard work for them. It's also a good source of presents - look out for charming padded baskets, needlework bags and ready-made pin cushions.

ANYBODY INTERESTED in contemporary designer jewellery should head for the South Bank Craft Centre, where from now until April 4 it is Dezzle time again. Dezzle, in case you haven't yet caught up with it, is an annual festival of jewellery when young designers bring their wares, so to speak, to town.

## SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.



Face mask pendant by David Hensel

It's a marvellous chance not only to see what they are up to, where the current trends in design and materials are heading, but it's also a good chance to buy jewellery at astonishingly good prices.

Designers to look out for at this year's show: Sarah Brum (who made the jewellery for Grace Jones in the last James Bond film), Avarina Eggleston (who designs for Next), Anthony and Deirdre Hawke (who design for Alistair Blair) Jane Adam, and many, many more. There's a special emphasis this year on time-pieces. Prices start at about £4 and go up to £1,000.

**BLANCPAIN**

LONDON Carringtons, Mappin & Webb, David Morris, Garrard, London Hilton Jewellers, Tyme, Watches of Switzerland, The Watch Gallery

FROM GEORGIAN SALTS TO ART DECO BROOCHES . . .

Herald of New Hand Stoves are always interested in purchasing fine antique and modern jewellery and silver. If you have pieces to sell, please telephone or write to Christopher Chadwick at Hensell, 12 New Road Street, London W1, 01-427-6883. (Founded 1736).

Art Galleries

MAISON GALLERY - Hand Embroidered Silk Pictures. A superb new collection is now on display. Cats, horses and dogs so real you'll want to stroke them. Lowest Ground Floor, Avenue Furniture Sil Shop, 55/56 Duke Street, Grosvenor Square, London, W1A 1GB. Mon-Fri 10-6 Sat 11-5 Tel: 01-479-370

EXHIBITION ROAD Twentieth Century Painters from the Royal College of Art, Kensington. Open 10-6. 104-105B 12th March - 20th April Daily 10 - 6 Sun 2 - 6, Admission 12 concessions 5. Closed April 1st

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PAVONI GALLERY 11 Maresfield St. SW1 01 296. 10-6. 104-105B 12th March - 20th April Daily 10 - 6 Sun 2 - 6, Admission 12 concessions 5. Closed April 1st



ARTS

Kenneth MacMillan has created a new work for a new company. Clement Crisp reports on both.

Dance Advance with professional ease

DANCE ADVANCE is a company of six dancer-choreographers concerned with the possibilities of experiment in making classical ballet. Its members have been soloists with the Royal Ballet companies, and two - Susan Crow and Jennifer Jackson - are made professional choreographers for either the Royal or Sadler's Wells Royal troupe.

The men soon dispensed with shoes, so that their feet might get a better grip on damp linoleum; the women were more secure, but everyone trod with Agag-like delicacy. I like to think that this was also because they did not want to establish too close a contact with the sticky matter of the ballet - which purported to be about the nature of love. Amid these less than easy conditions, the dancers' qualities yet shone: the emotional and physical fluidity of the women, the fine classical style of the men.

marks the matter and the manner of MacMillan's dances. His style is more dense, even more forced from the psyche than usual. Gesture can seem to wrack the body. Ophelia's madness is like an erotic frenzy; the dead king's body haunts the relationship between Claudius and Gertrude.



Kivira Pallone, Giancarlo Ilari and Milena Mettieri in "Don Giovanni"

Molière con brio in Parma

Michael Coveney visits one of Europe's most interesting informal theatre companies

THE SUN shone in Parma, Italy, last weekend, where I had the good fortune both to be in it and to see two Molière plays, Don Juan (Don Giovanni) and Tartuffe (Tartuffe), done with intelligence and panache by the Collettivo di Parma, one of the most interesting informal theatre companies in Europe.

something of a hot air balloon himself, is singing Nemorino, the orchestra is in the competent hands of Hubert Soudant. There is no comparable design prettiness in the Collettivo's Molière. Nor should there be. In a city of such consuming sensual and architectural distinction, the Collettivo's work in their Teatro Due down by the river is a rigorous antidote. The company, which I first saw six years ago, has stayed together now for 20 years, adapting to the rigours and penalties of the middle-class life after the first flush of conspiratorial student activity.

through an altar by a large stone hand of the man he murdered. This conjures such other early destructive cinematic handshakes as devised by John Boorman in Deliverance and Brian De Palma in Scarface. The hood turns to stone, too. A lewd, canine doppelgänger (Marcello Mazzoli) falls off the altar and literally loses his marbles. Bits of the Commendatore are lying all over the shop. The powerful, sardonic Sganarelle of Roberto Abbati saves his tobacco speech until the end, having taken the Don on a picnic in front of the curtain during the interval.

Padoan's insinuating religious hypocrisy barely raises his voice or changes his expression all evening. His chief weapon is an unassuming plausibility. The seduction scene is electrifyingly erotic because Elmira (the raven-haired Giovanna Bozzola) merely arches her back and bares her neck like a sacrificial lamb while Tartuffe gathers her hair, and fingers her chin, from behind. There is none of that riotously extravagant horseplay one usually gets in the middle acts. Orgone, played with a measured, clear-cut deliberateness by Paolo Bocelli, does not hide under a table but sits quietly to one side of the traverse stage while Tartuffe sets about his wife.

Radio Better use of space

THERE IS a quarter-hour programme on Radio 3 on Wednesdays, Enquire Within where the charming voice of Dilly Barlow answers the trivial questions sent in by listeners. Pip and Squawk, Irish boys' frills, silverfish, cousins, German, St John of Rila were swiftly and no doubt accurately dealt with. At the foot of the Radio Times entry, "see HEAR THIS, page 13," it said.

Back to radio, however. Why must Radio 4, though not the other channels, so often reserve programme details for a later page than the first announcement? Saturday, Money Box, (details on Monday); Sunday, Saved in the USA, (details on Tuesday), even as far as Analysis (Thursday details tomorrow). At least, they don't hold them over for the following week.

Sinfonietta favourites

LAST THURSDAY'S Sinfonietta concert offered a new experience but instead took the opportunity - which the orchestra's current 20th anniversary season makes especially appropriate - to revisit two successful recent Sinfonietta commissions from young English composers. The two works, by Robert Saxton and Mark-Anthony Turnage, were set amidst a selection of Sinfonietta favourites: Schoenberg's First Chamber Symphony to close the evening, Stravinsky's Three Pieces for String Quartet (rather unremarkably played) to open it, and Weill's Kleine Dreigeschichten at midpoint, the last-listed turned by the Sinfonietta wind and brass and conductor Lotbar Zagrosek into a feast of wit, cut-and-thrust excitement, and melodic delight.

darling piece - both by the same hand (the inspiration was Dante's vision of the light of God in The Divine Comedy), and because of the brilliant success of its execution. The work is conceived as a rising out of darkness toward light and as a structural cycle: the instruments, writing focuses upon the dramatic effects of such a conception by means of consistently vivid colour contrasts and timbral inventions.

Turnage's On All Fours (1986) is perhaps a less obviously authoritative composition, but it too is full of vigour and individuality, and shows a distinct musical idea strung across the instruments. It is a kind of suite of Renaissance-inherited dances separated by rebarbs; but nothing could be further from polite, period-inflected pastiche. The roots of the internal forms are buried deep, and what strikes the listener most strongly are the rough edges and dark, rather brooding colours that Turnage acquires from his foreground employment of saxophone and cello. Here, and also in the Weill, John Harle's saxophone playing deserved bouquets.

Mozart: Piano Concerto in A, K488; Piano Sonata in B flat, K595; Horowitz, Orchestra of La Scala, Milan/Götting, Deutsche Grammophon 423 287-2. Mozart: Piano Concertos in B flat, K466 and C Minor, K491. Serkin, London Symphony/Abbado, Deutsche Grammophon 423 923-2. Mozart: Piano Concertos in D Minor, K466 and C Minor, K491. Gibbons, Orchestra of the 18th Century/Britgen, Philips 420 823-2. Mozart: Piano Concertos in D Minor, K466 and C Minor, K491. English Baroque Soloists/Eliot Gardiner, Archiv 419 609-2.

THE APPEARANCE of almost any scrap of a Mozart manuscript at an auction these days is guaranteed to generate a rush of interest and to set a new record price. Nor is there no sum that can buy it what we would dearly love to have beyond all else: an autograph document, in which we can hear for ourselves how Mozart wanted the notes on those pages to sound when they became living music.

Records Interpreting Mozart

the pianist wishes to be one or not. After cascades of hearing these concertos performed on conventional grand pianos, it comes as a surprise to discover what the real balance of a Mozart concerto must have been like. It used to be a good test point of a recording if one could hear the strings over the piano in the first movement development of the D minor Concerto, K466, but with these performances one is hard put to catch the light tinkling of the fortepiano at all.

Dressed in woven air

THE DAUGHTER of the Mughal court ruler Emperor Aurangzeb was once accused of being immodestly dressed - even though she was wearing seven layers. In fact, so ethereal were the geometric fine Gangetic muslins that the court graced them with such lyrical names as "flowing water," or "woven air."

lan kanthas or quilts that were embroidered by married Bangladeshi women for domestic use. The fruits of these parallel - and unexpectedly complementary - traditions are on display at the Whitechapel Art Gallery until May 1 (sponsored by Jamdani and The Red Fort restaurants).

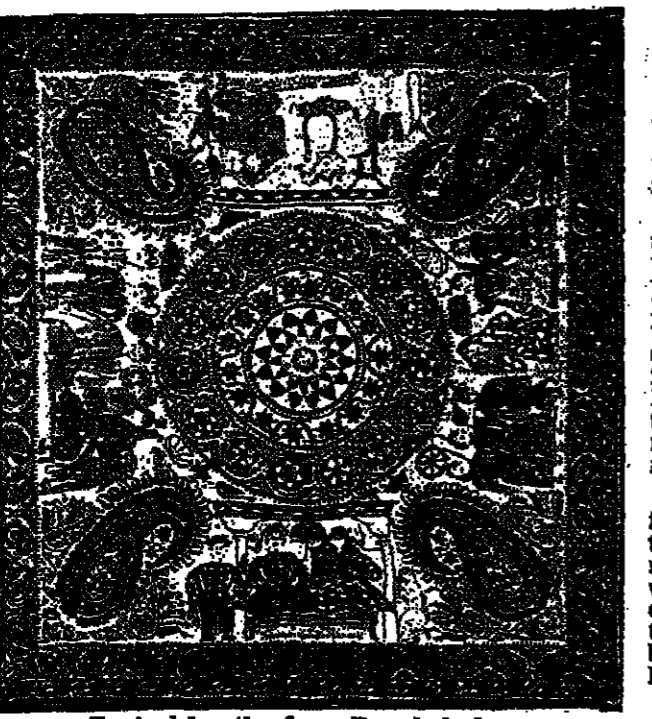
region. While the standard format is of a central lotus, tree of life in each corner, and panels of mythical animals, birds and fishes; it is the inclusion of domestic objects - from combs and mirrors to betel nut cutters and earrings - that give the kanthas a lively autobiographical quality.

Max Loppert

As we move further from his own time, that man starts to feel more - not less - urgent. The most recent batch of recordings devoted to his piano concertos is a more disparate, and bemusing, rag-bag of interpretations than can ever have been assembled in the space of a few months. Some of the soloists use period instruments with the express intention of wiping the slate clean. Others continue to work as part of a known and evolving tradition - the most notable of them being none other than Vladimir Horowitz.

After this, the recordings on authentic instruments are another world. There is little place for a virtuoso here, whether

Richard Fairman



Typical kantha from Bangladesh

Since the war of independence in 1971 the commercial production of kanthas has become a new and valuable source of women's employment in Bangladesh. Sadly, the results diminish the achievement. Designs have become self-conscious and spiritless, less folk art than folk.

TOTALLY TOTALLY SUCCESSFUL ZOLA'S NANA MERMAID THEATRE 01-236 5568/638 8891

PICK OF THE WEEK AT CHRISTIE'S Carl Holsøe (1863-1935) Woman Peeling Vegetables (detail) Signed, oil on canvas THIS DOMESTIC INTERIOR, by the Danish artist Carl Holsøe, is to be offered for sale at Christie's, King Street on Thursday 24th March at 10.30 a.m. and 2.30 p.m. This auction will be the first at Christie's to be entirely devoted to Scandinavian artists and amongst the 300 paintings to be included will be other outstanding works by Larsson, Zorn, Hammershølt, Krøyer and Gude. Drawings, prints and sculpture will also be included. For any further information on this and other sales in the next week please telephone 01-839 9060. 8 King St., London SW1 85 Old Brompton Rd., London SW7 164-166 Bath St., Glasgow

WEEKEND FT

SPORT

Rugby/John Kitching previews today's Five Nations' finale

France have the answers

IT IS a sad reflection on the recent England-Scotland game that the most dramatic play occurred off the field...

There was less to this than met the eye... His remark could have been applied to the England-Scotland match...

France have had their worries, too. They have already lost Camberabero and Orso through injury...

less at stake. As a result, it would be nice to think the ball will be thrown about...

penetrative midfield in Brendan Mullin and Michael Kiernan. The game is finely balanced...

Barnet bid for the big league

Nearly there

IT IS JUST about the quintessential Thatcherite tale. Barnet, who has not only from the prosperous south-east but from the Prime Minister's parliamentary constituency...

Business acumen is replacing chivalry, says Nicholas Keith

Fencers sharpen their act

FENCING IS undergoing a reformation which is propelling it from being a niche sport...

At the moment the AFA is run by a committee of about 70 people, including members and representative members...

far more optimistic now than four years ago. Halsted says: "Our foil teams have done relatively well and we have some people capable of getting into an Olympic final and even winning a medal."

One of these is Linda Martin, who, aged 31, will be competing in her third and probably last Olympics at Seoul in August...



Linda Martin... Last chance at Seoul

FT CROSSWORD No.6,585

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 30...

Crossword puzzle grid with clues for Across and Down.

Answers to the crossword puzzle, including 'Sack attractive girl' and 'Tactless when left in Paris'.

SATURDAY

Television and radio schedule for Saturday, listing programs like 'The News', 'The Football Show', and 'The Big Match'.

SUNDAY

Television and radio schedule for Sunday, including 'The News', 'The Football Show', and 'The Big Match'.

TELEVISION AND RADIO

Detailed television and radio schedule for Saturday and Sunday, covering various channels and programs.



Morecambe and Wise classics 8.10pm, Sunday, C4

Handwritten signature or note at the bottom of the page.